

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED

BOARD OF DIRECTORS:

SRI G. SAI PRASAD, IAS	CHAIRMAN & MANAGING DIRECTOR
SRI P. RAJAGOPAL REDDY	DIRECTOR/FINANCE & IT
SRI B. RAVINDRA REDDY	DIRECTOR/GR. HYD & IPC
SRI A. SRINIVASA RAO	DIRECTOR/PROJECTS & COMMERCIAL
SRI K.H. GHULAM AHMED	DIRECTOR/HR & P&MM
SRI B. VEERA REDDY	DIRECTOR/RURALS, IR & RAC
SRI C. CHENNA REDDY	DIRECTOR (NON WHOLE TIME)
SRI AJAY JAIN, IAS	DIRECTOR (NON WHOLE TIME)

AUDIT COMMITTEE:

SRI K.H. GHULAM AHMED	DIRECTOR/HR & P&MM
SRI C. CHENNA REDDY	DIRECTOR (NON WHOLE TIME)
SRI AJAY JAIN, IAS	DIRECTOR (NON WHOLE TIME)

AUDITORS:

M/s. M. BHASKARA RAO & Co.,
Chartered Accountants

COMPANY SECRETARY

SMT. K. SUJATHA

BANKERS:

STATE BANK OF HYDERABAD
STATE BANK OF INDIA
ANDHRA BANK
SYNDICATE BANK
BANK OF INDIA
INDIAN OVERSEAS BANK

REGD OFFICE:

6-1-50,
MINT COMPOUND,
HYDERABAD.

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CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LTD.

NOTICE

To
The Members of the Company

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON 29th SEPTEMBER 2009 AT 11.00 AM AT THE REGISTERED OFFICE OF THE COMPANY AT 6-1-50, MINT COMPOUND, LAKDIKAPUL, HYDERABAD TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. To receive consider and adopt the Audited Profit and Loss Account for the period ended 31-3-2009 and Balance Sheet as on 31-3-2009 together with Directors Report, Statutory Auditors Report and Comments of Comptroller and Auditor General of India, thereon.
2. To take note of the appointment of Statutory Auditors for the financial year 2009-10 under the provisions of Sec.619 of Companies Act, 1956 by Comptroller and Auditor General of India and fix the remuneration of Statutory Auditors for the Financial Year 2009-10.

“RESOLVED THAT pursuant to the provisions of Sec.224 (8) (aa) and other applicable provisions the Board of Directors be and are hereby authorized to fix the remuneration payable to Statutory Auditors M/s S R Mohan & Co, Chartered Accountants for the financial year 2009-10.”

Special Business:

1. To consider and if thought fit to pass with or without modification, the following resolution as

- a. Ordinary Resolution:

"RESOLVED THAT pursuant to Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorized to borrow money, from time to time at its discretion either from the Company's bank or any other bank, financial institutions or any other lending institutions or persons on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs.2500 Crores notwithstanding that the moneys to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves that it is to say, reserves not set apart for any specific purpose."

2. To consider and if thought fit to pass with or without modification, the following resolution as

- b. Ordinary Resolution:

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other provisions, if any, of the Companies Act,1956, to mortgaging and/or charging by the Board of Directors of the Company of all or any part of the immovable properties of the Company whatsoever situate both present and future of every nature and kind whatsoever and creating a floating charge on all

or any of the movable properties of the Company and the whole of undertaking of the company to or in favour of financial institutions for borrowing from time to time such sums of money as they deem requisite for the purpose of the business of the Company notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the sum of rupees Two Thousand Five Hundred Crores at any time.”

BY THE ORDER OF THE BOARD OF DIRECTORS OF
CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Sd/-
K. SUJATHA
COMPANY SECRETARY

Date: 25-09-2009

Note:

1. A member entitled to attend and vote in person or by proxy.

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED**EXPLANATORY STATEMENT
(Pursuant to Sec 173 (2) of the Companies Act, 1956)****Special business****Item no. 1**

The Company to meet the financial requirements of capital works undertaken under various schemes has approached financial institutions like Rural Electrification Corporation Limited and Power Finance Corporation Limited. The existing limits sanctioned by the share holders for borrowing are Rs.2000 crores. Taking into consideration the proposed Capital expenditure likely to be incurred in future the limits of borrowing need to be enhanced. Since as per provisions of Section 293(1) (d), the shareholders are authorized to enhance the limits of borrowing powers of the Board. Hence it placed before the members to consider and increase the existing limits of borrowings from Rs. 2,000 crores [Rupees Two Thousand crores] to Rs. 2,500 crores [Rupees Two Thousand Five Hundred crores].

None of the Directors is interested in the aforesaid proposal and recommends your acceptance thereof.

Item no. 2

The financial institutions who come forward to finance the requirements of the Company request for security of charge created on assets of the Company, either existing or future assets to be created under the schemes sanctioned by the institutes. The existing limits sanctioned by the share holders and creation of chare on assets are Rs.2000 crores. Taking into consideration the proposed Capital expenditure likely to be incurred in future the limits of borrowing need to be enhanced. Since as per provisions of Section 293(1)(a), the shareholders are authorized to enhance the limits of borrowing powers of the Board. Hence it placed before the members to consider and increase the existing limits of borrowings from Rs. 2,000 crores [Rupees Two Thousand crores] to Rs. 2,500 crores.[Rupees Two Thousand Five Hundred crores].

None of the Directors is interested in the aforesaid proposal and recommends your acceptance thereof.

BY THE ORDER OF THE BOARD OF DIRECTORS OF
CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED

Hyderabad
Date: 25-09-2009

Sd/-
K. SUJATHA
COMPANY SECRETARY

CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Ninth Annual Report of the Company, together with the Audited Accounts of the Company for the year ending 31st March, 2009.

FINANCIAL RESULTS

During the year under review, the Company achieved an aggregate income of Rs.10244.32 crores. The financial performance of the Company is as follows:

		(Rs. in Crores)
➤ Revenue from Sale of Power	:	6475.85
➤ Revenue from Subsidies and Grants	:	3371.74
➤ Other income	:	396.73
➤ Power Purchase Cost	:	8666.29
➤ Provision for depreciation	:	260.93
➤ Interest and Finance Charges	:	273.97
➤ Surplus	:	12.52
➤ Net worth of the Company	:	1661.51

The infrastructure of the Company as on 31.03.2009 is as follows:

S.No.	Particulars	Voltage	Quantity	
1.	Substations	33/11 KV	No.s	1158
2.	EHT SS	400 KV	No.s	3
		220/132 KV	No.s	28
		132/33 KV	No.s	97
		66KV/33KV	No.s	1
3.	Feeders	33 KV	No.s	634
		11 KV	No.s	4520
4.	No. of DTRs		No.s	193773
5.	No. of PTRs		No.s	1777
6.	Length of 33KV line	OH line	KM	12488
		UG cable		148
7.	Length of 11KV line	OH line	KM	80140
		UG cable		277
8.	Length of LT line		KM	194432
9.	No. of Consumers	LT	Nos.	6814838
		HT		4715

DIRECTORS:

The Board of Directors of the Company is as follows as on the date of this report:

1. Sri. G. Sai Prasad, IAS	Chairman & Managing Director
2. Sri. P Rajagopal Reddy	Director/Finance & IT
3. Sri. B Ravindra Reddy	Director/Gr.Hyd &IPC
4. Sri. A Srinivasa Rao	Director/ Projects & Comml.
5. Sri. K H Ghulam Ahmed	Director/HR & P&MM

6.	Sri B. Veera Reddy	Director/Rurals,IR & RAC
7.	Sri. M.Gopal Rao	Director (Non-whole time) Up to 09.01.2009
8.	Sri. K.Vijayanand, IAS	Director (Non-whole time) Up to 23.07.2009
9.	Sri C. Chenna Reddy	Director (Non-whole time)
10.	Sri. Ajay Jain, IAS	Director(Non-Whole time)

CHANGES IN BOARD SINCE LAST REPORT:

The Government of Andhra Pradesh issued orders, appointing Sri B Veera Reddy, as Director of the Company vide G.O Ms. No.126 Dt:29-11-2008, Sri C. Chenna Reddy as Non Whole time Directors of the Company in place of Sri M. Gopala Rao, G.O. Ms.No.2 Dt. 09.1.2009 and Sri Ajay Jain in place of Sri K. Vijayanand, IAS vide G.O. Ms.No.33 Dt. 23.7.2009.

BOARD MEETINGS HELD DURING THE YEAR:

During the financial year 2008-09, the Company has held Thirteen Meetings of Board of Directors.

Directors	Meetings Held	Meetings Attended	Remarks
Sri G. Sai Prasad, IAS	13	13	
Sri P Rajagopal Reddy	13	12	
Sri B. Ravindra Reddy	13	12	
Sri A. Srinivasa Rao	13	13	
Sri. K H Ghulam Ahmed	13	13	
Sri M Gopal Rao	13	6	Ceased to be Director w.e.f 09.01.2009
Sri B. Veera Reddy	13	4	Appointed on 29.11.2008
Sri KVijayanand , IAS	13	12	Ceased to be Director w.e.f 23.07.2009
Sri C Chenna Reddy	13	4	Appointed on 09.01.2009
Sri Ajay Jain	13	-	Appointed on 23.07.2009

CONSTITUTION OF AUDIT COMMITTEE:

In compliance with the provisions of Section 292A of Companies Act, 1956 (as amended), Audit Committee constituted by the Company consists of the following members:

1	Sri K.H. Ghulam Ahmed	Director (HR & P&MM)
2	Sri M Gopal Rao,	(Non whole time Director) (upto 31.03.2008)
3	Sri C. Chenna Reddy	(Non whole time Director) (after 31.03.2008)
4.	Sri K Vijayanand,IAS	(Non whole time Director) (upto 23.07.2009)
5.	Sri Ajay Jain, IAS	(Non whole time Director) (after 23.07.2009)

The Audit Committee was reconstituted due to the change in the position of Non whole time Directors in the financial year 2009-10, as Sri Ajay Jain, IAS was nominated by Government of Andhra Pradesh in place of Sri K Vijayanand, IAS.

The Audit Committee met five times during the financial year 2008-09. The Annual Accounts for the year 2008-09 were reviewed by Audit Committee in its meeting held on 29-07-2009.

Directors	Meetings Held	Meetings Attended	Remarks
Sri. K H Ghulam Ahmed	5	5	
Sri M Gopal Rao	5	3	Sri C. Chenna Reddy, was nominated as Non-whole time Director in his place on 09.01.2009
Sri KVijayanand , IAS	5	5	Sri Ajay Jain, IAS was nominated as Non-whole time Director in his place on 23.7.2009
Sri C. Chenna Reddy	5	1	W.E.F 09.01.2009
Sri Ajay Jain, IAS	5	-	W.E.F. 23.07.2009

AUDITORS OF THE COMPANY:

M/s Bhaskara Rao & Co, Chartered Accountants were appointed by Comptroller and Auditor General of India(C&AG) as the Statutory Auditors of the Company for the year ending 31-3-2009.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

The information in accordance with the provisions of Section 217(1) (e) of Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Director) Rules, 1998 regarding conservation of energy, technology absorption and foreign exchange earning and outgo, is not furnished as they are not applicable to the Company.

PARTICULARS OF EMPLOYEES UNDER SEC 217(2A):

The information under Sec 217(2A) of Companies Act 1956, read with Company (Particulars of Employee) Rules, 1976 may be taken as nil.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of your Company has met Thirteen times during the financial year 2008-09.

In accordance with Sec 217(2AA) of the Companies Act, 1956, the Directors of the Company hereby state that:

The Annual Accounts are prepared as per Schedule VI of the Companies Act, 1956 and the applicable standards are followed, so as to give a true and fair view of state of affairs of the Company as at the end of the financial year 31st March, 2009. The rates of depreciation are adopted as per the Gazette notifications issued by the Ministry of Power, Government of India from time to time.

The Directors have taken proper and sufficient care for the maintenance of accounting records; for safeguarding assets of the Company; and preventing and detecting fraud and other irregularities.

The Annual Accounts are prepared on a going concern basis.

Acknowledgements:

The Directors gratefully acknowledge the support extended by various agencies involved in the operations of the Company, including financial institutions. The Board of Directors wishes to place on record its sincere appreciation for the all round co-operation and contributions made by the officers and staff of the Company.

For and on behalf of the Board of APCPDCL,

Sd/-

G. Sai Prasad

Chairman and Managing Director

Place: Hyderabad

Date: 29.09.2009

Annexure A to the Directors' Report

A. Company's Replies to the Auditors Qualifications/Reservations

STATUTORY AUDITORS' REPORT

To
The Members of
Central Power Distribution Company of Andhra Pradesh Ltd.
Hyderabad.

Company's Reply

We have audited the attached Balance Sheet of **Central Power Distribution Company of Andhra Pradesh Limited**, as at 31st March 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) Order (Amendment), 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II Further to our observations in the annexure referred to in paragraph I above, attention is invited to the following items of Significant Accounting Policies in Schedule 18 (I) and Notes to Accounts in Schedule 18 (II):
 - i) (a) **Reference is invited to Note No. 3.1 regarding** transfer of assets and liabilities under "Second Transfer Scheme" from APTRANSCO to Distribution Companies on 1.4.2000 and transfer of differences identified between the books available in the field units and the balances transferred as per the Second Transfer Scheme to the 'Second Transfer Scheme Variance Account' under 'Reserve and Reserve Funds' Rs. 29.80 Crore (Net). Pending reconciliation of these differences, we are unable to determine the impact of these on the Profit and Loss Account and Assets and Liabilities of the Company.
 - (b) **Power Purchase Agreements:** *The Government of Andhra Pradesh announced Third Transfer Scheme, in terms of which the Bulk Supply Undertaking and Power Purchase Agreements were transferred from APTRANSCO to the four Distribution Companies in specified ratio. This scheme was effective from 9th June 2005. In order to*

The take over values were adopted as notified by the Government of Andhra Pradesh vide G.O.Ms.No.109, dt. 29.09.2001. The differences identified are under reconciliation. The Reconciliation exercise is expected to be completed shortly.

The transactions of APPCC are being audited by an independent agency viz., M/s Sagar & Associates, Chartered Accountants.

facilitate purchase and trading of power, the Government constituted one apex committee and two sub committees. These committees intimate the distribution companies their share of cost of purchase of power, expenses incurred and sale of power to regional and other electricity boards / companies, on a monthly basis.

The monthly statements of purchase, expense and sale as intimated by the committee are incorporated in the books of the Company and have been accepted by us. It may be mentioned that these committees are not legal entities and the figures are not audited by any independent agency.

- ii) **Reference is invited to Significant Accounting Policy No.4 (a)** regarding Capitalization of employee cost and Administration & General Expenses during the year of Rs. 39.15 Crore (Previous Year Rs. 41.52 Crore) done at 10% of the Capital Works, instead of determining expenses attributable to the specific asset in line with the Accounting Standard-10 "Accounting for Fixed Assets". The impact of the above on the Profit and Loss Account and Assets could not be ascertained.
- iii) **Reference is invited to Significant accounting policy No. 4 (b) and Note No. 4.5** regarding capitalization of interest Rs. 29.88 Crore (Previous Year Rs. 21.95 Crore) during construction period. Interest capitalized on qualifying asset should not exceed the interest actually paid. However, company has been capitalizing interest on total cost incurred including 10% of employee cost and Administration & General Expenses allocated on capital work which is not in line with as per Accounting Standard – 16 "Borrowing Costs". The impact of the above on the Profit and Loss Account and Assets could not be ascertained.
- iv) **Reference is invited to Significant Accounting Policy No.6 and Note No. 4.4** regarding Provision for Depreciation on Fixed Assets, which is charged under SLM method at the rates prescribed by the Central Government, vide notification No. S.O.266 (E) dated 29th March, 1994 issued under the Electricity (Supply) Act, 1948. However, in respect of certain assets rates prescribed under the notification of the Ministry Of Power is lower than rates prescribed under Schedule XIV of the Companies Act, 1956 which amounts to Rs. 0.50 Crore and the profit has been over stated to that extent.
- v) **Reference is invited to Significant Accounting Policy No. 2(a) and Note no. 5 (b)** regarding recognition of unbilled revenue on estimated basis, as against billed revenue has resulted in understatement of revenue by Rs. 12.12 Crore.
- vi) **Reference is invited to Significant Accounting Policy No. 5 and Note No. 4.3** regarding Consumer Contributed Assets and adjustment of depreciation on Assets created out of consumer contribution. The adjustment for depreciation to total assets was made on the basis of proportionate value of the assets built out of consumer contribution instead of calculating depreciation on identifiable individual contribution to assets. In continuation thereto this exercise has not been applied on the opening accumulated depreciation in respect of

In the Operation and Maintenance (O&M) units, the employees attend to both Operation and Maintenance and Capital Works. As such 10% of net capital works (8.5% towards employee cost and 1.5% towards administration & general expenses) is being charged to respective capital works since it is difficult to identify the man hours spent.

The observation is noted for future guidance.

The Company is following depreciation rate as notified by the Ministry of Power, Government of India through Gazette Notification issued from time to time.

Note under reference is self-explanatory

It is difficult to match consumer contributions with the assets created out of such contributions; hence depreciation has been adjusted based on the proportionate value of the assets built out of consumer contribution. The Company has withdrawn consumer contribution from the date of incorporation, i.e., 01.04.2000 after taking into consideration assets

consumer - contributed assets existing prior to 01.04.2000. Consequent to non – withdrawal of depreciation attributable to consumer contributed assets prior to 01.04.2000, has resulted in consumer contribution being overstated and profit for the year being under stated (Amount has not been ascertained).

vii) **Reference is invited to Schedule 7** regarding Provision for Recovery/ Write Off of Cost of Materials Rs. 40.14 Crore (Previous Year Rs 29.94 Crore) shown as deduction from Stores and Spares. Under the Second Transfer Scheme w.e.f 01.04.2000, Inventories were transferred along with a provision of Rs. 30.03 Crore and of which Rs. 0.084 Crore was utilized. During the year 2008-09 management conducted a physical verification of inventories and found that there was a shortage of Rs. 10.48 Crore in respect of which provision was made. Consequently the existing provision in the books of accounts to the extent of Rs. 29.94 Crore has become redundant, which needs to be written back. In the absence of write back the profit is understated to the same extent.

viii) **Reference is invited to Note No 14** regarding takeover of the operations of the RESCO and their liquidation.

a) The balances outstanding against the RESCOs' in the books of the APCPDCL have not been reconciled with those shown in the books of the RESCOs' on the date of takeover (difference not ascertained).

b) Though the operations were taken out from, 01.12.2004 in respect of Kadiri East and West and from 01.12.2005 in respect of Sanjay RESCO, the transactions relating to these RESCOs' were not kept separately, consequently adjustments could not be made on the opening balances of these RESCOs' (Extent of adjustments not ascertainable).

c) The valuation of assets and liabilities of RESCOs', as done by the liquidator showed that the assets and liabilities were equal. Whereas the valuation done by the independent chartered accountant appointed by the company reported excess of liabilities over assets to the extent of Rs. 83.13 Crore. The company has accepted the valuation of the Chartered Accountants and decided to claim the amount from the Government of Andhra Pradesh. In the absence of the confirmation from the Government for the acceptance of claim made by the company for Rs. 83.13 Crore and the non provision of the same has resulted in overstatement of profits by Rs. 83.13 Crore. Further the Assets and Liabilities are understated to the extent of Rs. 50.33 Crore and Rs 133.46 Crore respectively.

ix) **Reference is invited to Significant Accounting Policy No. 9 (b) and Note No. 8 A (a)** regarding Provision for Pension & Gratuity made on estimated basis at the rate of 24.51% (Previous Year 24.51%) instead of on the basis of Actuarial Valuation as on 31.03.2009 in accordance with Accounting Standard -15 "Employee Benefits (Revised). The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.

and consumer contribution transferred to the Company as on that date.

The details of Provision for Stock / Material transferred as per the Second Transfer Scheme are under reconciliation and the reconciliation process is expected to be completed shortly. In the meanwhile, the Company has, based on the Stock Verification Reports for financial year 2008-09, made a provision of Rs.10.48 Crores for non-moving, slow-moving, short and obsolete inventories.

The Company has requested the Government of Andhra Pradesh (GoAP) for reimbursement of Rs.83.13 Crores, being the excess of Liabilities over Assets of RESCOs. Decision of GoAP is awaited.

The rate of 24.51% is as per earlier Actuarial Valuation Report of M/s Hewitt Consultants.

- x) **Reference is invited to Significant Accounting Policy No. 9 (c) and Note No. 8 A (f)** where it has been stated that, *Provision for Bonus and Ex-gratia has been made on cash basis instead of on accrual basis. The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.* Note under reference is self-explanatory
- xi) **Reference is invited to Significant Accounting Policy No. 9 (d) and Note No.8 B** where it has been stated that, *Provision for Leave Encashment has been made on estimation basis instead of on the basis of actuarial valuation as required under Accounting standard – 15 “Employee Benefits (Revised)”. The management while estimating the amount for Leave Encashment did not take into account the elements of (i) increase in number of employees (ii) increase in average monthly pay and allowances per employees (iii) the increase in entitlement of Earned Leave encashment to 300 days from 240 days. The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.* Note under reference is self-explanatory.
- xii) **Reference is invited to Schedule No. 6 and Note No. 17** regarding long term Investments in RESCOs’. As the company accepted the valuation of Independent chartered accountants, the assets and liabilities of the RESCOs’ which showed excess of liabilities over the assets, the investment of Rs. 1.69 Crore in RESCOs’ reflected at its cost vide Schedule No 6 should have been valued at NIL and the diminution in value also should have been charged to profit and loss account as contemplated in Accounting Standard – 13 “Investment Accounting”. Non adjustment of the diminution in value of investments has resulted in overstatement of profit to the extent of Rs. 1.69 Crore and overstatement of investment to that extent. As replied to Sl. No. viii above, the adjustment of investments will be made in the books of accounts at the time of adoption of assets and liabilities of RESCOs in the books of the Company.
- xiii) **Reference is invited to Significant Accounting Policy No. 10 and Note No.26** regarding recognition of Deferred Tax Asset of Rs. 103.31 Crore on account of unabsorbed depreciation during the year 2008-09. The deferred tax Asset for the year 2007-08 of Rs. 57.47 Crore has been recognized/adjusted against the opening Profit and Loss Account (Debit Balance). In the absence of the demonstration of reasonable certainty of sufficient future taxable income available against which deferred tax asset represented by the unabsorbed depreciation can be realized, the opening Profit and Loss account (Debit balance) is understated by Rs. 141.38 Crore and the profit for the year overstated to the extent of Rs.103.31Crore. Based on last three years performance, the Company is showing trend of profits consistently.
- xiv) **Reference is invited to Schedule No 8** regarding Deposits received for Contribution works. As per the information provided and on review of the nature of receipts it has been observed that the said contribution works are executed by the company on receipt of the deposit amount from the consumers. On review of the Account it was observed that includes an amount of Rs 28.48 Crore lying in the deposit account (including Legacy Data) since 31st March 2008. The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained. Review of Work-wise deposits available, Works completed / under progress is being carried out. After completion of the review, necessary adjustment entries will be made in books of accounts.
- III Our observations/ comments on the accounts are as under:
1. **Reference is invited to Note No.3.1 and paragraph II (i) (a)** of our report regarding the adoption of balances as on 1.4.2000 as per the The opening balances were adopted as notified by the Government of Andhra Pradesh vide

Second Transfer Scheme under A.P.Gazette Notification No 109, dated 29th September 2001. The details of all assets and liabilities are given as block figures under major group heads in the said Gazette Notification. *The detailed break-up of the balances have not been furnished for our verification. However the balances other than "Fixed Assets" are subject to reconciliation with the balances maintained at various Field units. Further in case of Fixed Assets of Rs 1272.66 Crore as on 1.4.2000 the Company assessed the breakup of the balances; the basis and details of final assessment of the values of assets have not been furnished for our verification. The consequential impact if any, on the balances of fixed assets and provision for depreciation could not be quantified.*

2. *The Company doesn't have any system of obtaining confirmations of balances of Sundry Debtors, Loans and Advances, Bank Balances, Sundry Creditors, loans from financial institutions and Banks. Balances under various sub-heads under Current Assets and Current Liabilities are subject to reconciliation and review. However, during the year the company has obtained confirmations of balances from 239 banks out of 322 banks; In respect of other Banks no confirmation of balance has been obtained.*
3. **Reference is invited to Schedule No. 7 and Note No. 9** regarding non-reconciliation of inter-unit account balance of Rs. 37.87 Crore (net) (Debit) (Previous Year Rs. 30.11 Crore (net) (Debit)) referred in Schedule 7 Sundry Receivables. This amount includes differences due to data migration when SAP was implemented. The impact of the above on the Profit & Loss Account and Assets and Liabilities could not be ascertained.
4. (a) **Reference is invited to Schedule No. 8 and Note No. 2** regarding implementation of SAP in a phased manner from the year 2006-07. There were differences in Data migration and an amount of Rs. 18.45 Crore (Previous Year Rs. 20.33 Crore) has been shown under Current liabilities and provisions. In the absence of reconciliation we are unable to determine its impact on Profit and Loss account, Assets and Liabilities.
(b) *The input controls in the SAP in respect of capturing data and recording of transactions, access control system, disaster data recovery plans and backups needs to be reviewed and duly certified by independent agency as regards to its adequacy.*
5. **Reference is invited to Note No. 11** in respect of accounts with Banks in 74 Units out of 130 Units, Bank Reconciliation Statements as on 31.03.2009 contain unreconciled balances since 1.4.2000 and there are unidentified credits in bank account to the extent of Rs. 7.18 Crore and cheques deposited but not credited by Bank to the tune of Rs. 5.84 Crore which are under reconciliation. The impact of the above on the Profit and Loss Account and Assets and Liabilities could not be ascertained.
6. **Reference is invited to Schedule no. 7 and Note no. 10** regarding Remittance in Transit and Letter of Credit of Rs. 35.64 Crore (Previous Year Rs. 65.39 Crore) included in Cash in Transit A/c which is under

G.O.Ms. No.109 dt.29.9.2001. The unit-wise differences identified were transferred to Second Transfer Scheme Variance Account. The differences are under reconciliation and the reconciliation process is expected to be completed shortly.

Wherever amounts are substantial, efforts are being made to obtain the confirmation from the consumers / banks.

Reconciliation is in progress and the exercise is expected to be completed shortly.

Data Migration Accounts are in the process of reconciliation and the exercise is expected to be completed shortly.

The observation is noted for future guidance.

Reconciliation is in progress and the exercise is expected to be completed shortly.

Reconciliation is in progress and the exercise is expected to be completed shortly.

reconciliation. Pending reconciliation the impact thereof on the Profit and Loss Account and Assets and Liabilities could not be quantified.

7. **Reference is invited to Note no.24** regarding Savings Fund and Family Benefit Fund, wherein it has been stated that: Noted
- i) *Details of balances of Individual members as on 01.04.2000 were not available and hence provision for future liability has not been ascertained.*
 - ii) *Current year payments of principal and interest are charged to the Profit and Loss Account instead of to the Fund. The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.*
8. **Reference is invited to Schedule no. 7 and Notes no. 7** regarding Sundry Debtors as on 31.3.2009 Rs. 1485.28 Crore. Total debtors as on 31.3.2009 includes amounts in respect of cases filed in the court Rs 217.13 Crore, Revenue recovery Act Rs.73.84 Crore, Disconnected/ Bills Stopped Services Rs. 157.24 Crore. From the age-wise analysis provided to us, it was seen that Rs. 367.79 Crore were outstanding for more than three years. However, the provision existing as on 31.03.2008 was Rs. 413.99 Crore. Reference is also invited to Note 6 regarding Bad debts written off to the extent of Rs. 173.79 Crore and provision made for doubtful debts to the extent of Rs. 60.77 Crore during the year 2008-09. In the absence of any accounting policy for making provision for Sundry Debtors, we are unable to comment on the adequacy of provision for doubtful debts. Arrears due from Domestic Consumers outstanding for more than three (3) years were written off.
9. **Reference is invited to Schedule no. 8** Current Liabilities and Provisions-Sundry Creditors Excise Duty collected by the supplier as and when the sales are made. The applicable rate of excise duty for the year 2007-08 was 14% and for the 2008-09 was 8%. However, the rate of excise duty at the rate 16% has been predefined in the SAP system. This has resulted in excess debit of Excise duty in the Accounts. The observation is noted for future guidance.
- The cost of the purchase price including excise duty is credited to the supplier's account. As the supplies have been consumed for revenue works, capital works and consumer contribution works, the excess credit of excise duty should be reversed to these accounts. As it is not possible to ascertain the exact extent to which excess excise duty has been debited to these accounts, the excess excise duty amount needs to be credited to Profit and Loss account. The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.*
- IV Further to our above observations / comments, we report that:
- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit subject to non-availability of detailed individual balances of certain assets and liabilities as referred in Paragraph III (1) above for our verification.
 - b. In our opinion, the company has kept proper books of account as required by law in so far as it appears from our examination of such books;

- c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section 3C of Section 211 of the Companies Act, 1956 except to the extent of the deviations expressed in paragraph II above in so far as they relate to AS-3 on Cash Flow Statements, AS-6 on Accounting for Depreciation, AS-10 on Accounting for Fixed Assets, AS-12 on Accounting for Government Grants, AS-13 Investment Accounting, AS-15 on Employee Benefits (revised), AS-16 Borrowing Costs, AS-22 Accounting for Taxes on Income, AS-26 Intangible Assets.
- e. Since the Company is a Government Company the provisions of Section 274 (1)(g) of the Companies Act, 1956 is not applicable to the company;
- f. In our opinion and to the best of our information and according to the explanations given to us, subject to adjustments which may be required in respect of matters specified in paragraph II and III above, the said accounts read with Significant Accounting Policies and Notes forming part of accounts (Schedule 18(i) and Schedule 18(ii)), and further read with our observations in Annexure referred to in paragraph-I above, give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view;
- i) In so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
- ii) In so far as it relates to the Profit and Loss Account, of the *Profit* of the company for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For M.Bhaskara Rao & Co.
CHARTERED ACCOUNTANTS

Sd/-
V.RAGHUNANDAN
Partner
Membership No.: 26255

Date: 29.07.2009
Place: Hyderabad

For and on behalf of the Board

Sd/-
G SAI PRASAD
Chairman & Managing Director

Date: 29.07.2009
Place: Hyderabad

Annexure to the Auditors' Report

(Referred to in paragraph 2 of our report of even date)

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|------|--|--|
| i) | (a) The Company has maintained Fixed Assets Register showing circle wise particulars. <i>However quantitative details and situation of Fixed Assets were not stated.</i> | Cost Center-wise situation of Fixed Assets has been mentioned in the Fixed Asset Register. |
| | (b) Reference is invited to Note No 4 wherein it has been stated that it is the policy of the management to conduct the physical verification of the assets once in three years. Accordingly, physical verification of fixed assets was carried out during 2007-08. <i>According to the information and explanation provided to us, minor discrepancies noticed as per the physical verification conducted by the management during the financial years 2004-05 and 2007-08 were dealt with in the books of account during the year.</i> | Informative |
| | (c) There was no substantial disposal of fixed assets during the current year. | Noted |
| ii) | (a) The management has conducted the physical verification of stores, spare parts, components etc. at reasonable intervals. | Informative |
| | (b) In our opinion, the procedure for physical verification of stores, spare parts, components etc. followed by the management is adequate and reasonable in relation to the size of the company and the nature of its business. | Informative |
| | (c) The company is maintaining proper records for stores, spare parts, components etc. and as informed to us, there were no material discrepancies noticed on physical verification except for a few instances which have been properly dealt with in the books of account. | Informative |
| iii) | The company has not granted or taken loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub-clauses (b), (c), (d), (e), (f) and (g) are not applicable. | Noted |
| iv) | According to the information and explanation given to us, the Internal Control Systems is commensurate with the size of the company and nature of its business for purchase of Inventory, Fixed Assets and Sale of Services. <i>However the Internal control systems needs to be strengthened with regard to SAP implementation in reconciliation of accounts, remittance in transit and inter unit accounts, accounting of capital and revenue work orders and stores accounting.</i> | The observation is noted for future guidance. |
| v) | According to the information and explanation provided by the management, there were no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly reporting under this clause is not applicable | Informative |
| vi) | The company has not accepted deposits from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed there under. | Noted |
| vii) | The company has an Internal Audit System, covering all circles including corporate office; in our opinion the scope and coverage | The observation is noted for future guidance. |

needs to be enlarged keeping in view the size of the organization and nature of its business and the new EDP environment with regard to SAP implementation.

viii) Maintenance of cost records has been prescribed by the Central Government under sec.209 (1) (d) of the Companies Act, 1956 with effect from 1.4.2002. *As per the information and explanations given by the Management, Cost records were not maintained as per cost Accounting record (Electricity Industry, 2001).*

The Company is compiling Cost Accounting Records (Electricity Industry, 2001) annually.

ix) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investors Education and Protection Fund, Income-Tax, Sales-Tax, Wealth Tax, and Service Tax, Custom Duty, Excise duty, Cess and any other statutory dues applicable to it with the appropriate authorities.

Informative

(b) *According to the information and explanations given to us, the following are the details of disputed statutory dues as at the year-end:*

Sl. No.	Name of the Statute	Nature of Dues	Amount (Rs. in Crores)	Period to which the amount relates	Forum where dispute is pending
1.	A.P.Tax on entry of goods in local areas Act, 2001	Entry Tax	33.25	2002-2006	Honorable Supreme Court
2.	APGST Act	Sales Tax	1.34	2001-2006	Sales Tax Appellate Tribunal

x) The accumulated losses at the end of the financial year are less than fifty percent of its net worth. The company does not have cash losses during the current financial year and in the immediately preceding financial year.

Informative

xi) According to the information and explanations given by the management, we are of the opinion that the company has not defaulted in payment of dues to financial institutions and banks. The company does not have any borrowings by way of debentures.

Informative

xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. However in case of staff housing loans the company has obtained required mortgage of house property.

Informative

xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.

Informative

- | | |
|---|-------------|
| xiv) In our opinion and according to the information and explanation given to us, the company is not a dealer or trader in securities. | Informative |
| xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. | Informative |
| xvi) As per information and explanation provided to us, we are of the opinion that the term loans are applied for the purpose for which the loans were obtained. | Informative |
| xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short - term basis, prima facie, have not been used for long-term investment. | Informative |
| xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956. | Informative |
| xix) The company did not have any outstanding debentures during the year. | Informative |
| xx) The company has not raised any money through public issue during the year. | Informative |
| xxi) To the best of our knowledge and belief and according to the information and explanations given to us, there were frauds reported during the year by the management (Please refer to Schedule no. 18, Note no.18 and 19 of Notes to Accounts for details). | Informative |

For M. BHASKARA RAO & CO.
CHARTERED ACCOUNTANTS

Sd/-
V. RAGHUNANDAN
Partner
Membership No. 26255

Date : 29.07.2009
Place: Hyderabad

For and on behalf of the Board

Sd/-
G SAI PRASAD
Chairman & Managing Director

Date: 29.07.2009
Place: Hyderabad

Annexure B to the Directors' Report

C&AG REPORT:

No. AG(C&RA)/EBRA-III/I/2009-10/264

Dated 25.09.2009

To
The Chairman and Managing Director,
Central Power Distribution Company of Andhra Pradesh Limited,
Hyderabad.

Sir,

Sub: Comments on the accounts of Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad for the year ended 31st March 2009.

* * *

I am to forward herewith Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956 on the accounts of your company for the year ended 31 March 2009 for necessary action.

2. The date of placing of Comments along with Annual Accounts and Auditors' Report before the Shareholders of the Company may be intimated and a copy of the proceedings of the meeting furnished.
3. The date of forwarding the Annual Report and the Annual Accounts of the Company together with the Auditors' Report and Comments of the Comptroller and Auditor General of India to the State Government for being placed before the Legislature may also be communicated.
4. Ten copies of the Annual report for the year 2008-09 may be furnished in due course.

The receipt of this letter along with enclosures may please be acknowledged.

Yours faithfully,

Encl: As above.

Sd/-
Dy. Accountant General (Commercial)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF CENTRAL POWER DISTRIBUTION COMPANY OF ANDHRA PRADESH LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2009.

The preparation of financial statements of Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 July 2009.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Central Power Distribution Company of Andhra Pradesh Limited, Hyderabad for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report and **the effect of these comments resulted in the Profit after Tax of Rs.12.52 crore turning into Loss of Rs.56.24 crore.**

	COMMENT	COMPANY'S REPLY
1.	<p>A. Comments on Profitability:</p> <p>Balance Sheet Application of Funds Fixed Assets Capital Work-in-Progress (Sch.5) Capital work-in-progress: Rs.590.22 crore</p> <p>The above includes Rs.6.83 crore being the value of 9 Sub-stations completed and put to use during the year 2008-09. Non-capitalisation of the same has resulted in overstatement of "Capital work-in-progress" and understatement of "Fixed Assets – Gross Block – Additions during the year" by Rs.6.83 crore.</p> <p>This has also resulted in understatement of "Depreciation" and overstatement of "Profit before Tax" by Rs.15.16 lakh.</p>	<p>It is to submit that a Sub-Station can be charged on installation of Power Transformer (PTR). However, there are certain other works to be carried out for putting the Sub-Station to use. Capitalization of Sub-Station is done only on completion of all related works viz., PTR Augmentation, VCBs, Potential Transformers, Control Room, Brick Work, Fencing, etc.</p> <p>The capitalization of Sub-Station shall be carried out on substantial completion of works.</p>
2.	<p>Profit & Loss Account Expenditure Purchase of Power (Sch.12): Rs.8666.29 crore</p> <p>The above is understated by Rs.45.94 crore due to incorrect account of refund of income tax by National Thermal Power Corporation (NTPC) in June 2009 as reduction in power purchase cost. Since the refund neither pertains to 2008-09 nor was it received in that year, accounting of the same in 2008-09 is not correct. This has resulted in understatement of "Current Liabilities – Sundry Creditors" and overstatement of "Profit before Tax" by Rs.45.94 crore.</p>	<p>Since the Income Tax Refunds does not pertain to the Company, this has to be invariably adjusted in the power purchase cost by virtue of PPA with NTPC.</p>

	COMMENT	COMPANY'S REPLY
3.	The above is understated by Rs.24.91 crore due to non-accountal of Thermal incentive claimed by APGENCO. This has resulted in understatement of "Current Liabilities – Sundry Creditors" and overstatement of "Profit before Tax" by Rs.24.91 crore.	The bill was submitted by APGENCO after the finalization of accounts of APDISCOMS. Hence it will be accounted in the ensuing financial year 2009-10.
4.	The above is overstated by Rs.2.95 crore due to non-accountal of credit towards Fuel Cost Adjustment (FCA) relating to 4 th quarter of 2008-09, passed on by APGENCO. This has also resulted in overstatement of "Current Liabilities – Sundry Creditors" and understatement of "Profit before Tax" by Rs.2.95 crore.	The bill was submitted by APGENCO after the finalization of accounts of APDISCOMS. Hence it will be accounted in the ensuing financial year 2009-10.
5.	<p>Administration and General Expenses (Sch.14)</p> <p><u>Rates & Taxes: Rs.1.65 crore</u></p> <p>The above is understated by Rs.32.70 lakh due to short accountal of Property tax for the year 2008-09 in respect of 9 circles. Further, liability for an amount of Rs.13.14 lakh, being the property tax payable up to 2007-08 in respect of Mahaboobnagar Circle, was also not provided. This has resulted in understatement of "Rates & Taxes" by Rs.32.70 lakh; "Net Prior Period Charges" by Rs.13.14 lakh and overstatement of "Profit before Tax" by Rs.45.84 lakh.</p>	Property tax for the year 2008-09 has been accounted based on the Demand Notices received by the 9 Circles. Due provision will be made in the books of accounts on receipt of the same.
6.	<p><u>Other Expenses: Rs.6.98 crore</u></p> <p>The above is understated by Rs.25.11 lakh due to non-accountal of various Administration and General Expenses for the year 2008-09. This has resulted in understatement of "Current Liabilities" and overstatement of "Profit before Tax" by Rs.25.11 lakh.</p>	Inadvertently, the year-end provision for Administration and General Expenses were not fully made by only two out of ten Operation Circles. However, there is no material impact on the Profitability of the Company.
7.	<p>B. Comments on Financial position:</p> <p>Balance Sheet</p> <p>Application of Funds</p> <p>Capital Work-in-Progress (Sch.5)</p> <p><u>Advances for Suppliers / Contractors (Capital): Rs.19.51 crore</u></p> <p>The above is overstated by Rs.3.59 crore due to non-adjustment of the advances paid to Suppliers against the value of stores received. This has also resulted in understatement of "Current Liabilities" by a similar amount.</p>	<p>The Advances to the Suppliers have been paid by Corporate Office whereas the bills were sent to the Field Units by the Suppliers.</p> <p>Consequent to receipt of bills at Corporate Office, necessary adjustment shall be carried out in books of accounts in ensuing financial year 2009-10.</p>
8.	<p>Current Liabilities & Provisions (Sch. 8)</p> <p><u>Current Liabilities: Rs.3797.20 crore</u></p> <p>The above is understated by Rs.1.12 Crore due to non-accountal of the liability pertaining to the capital works completed and check measured before 31 March 2009 in respect of Master Plan Circle. This has also resulted in</p>	Check measurement of a work is a pre-requisite to raise a bill. The receipt of bill will create an obligation on part of the Company to provide the liability in the books of accounts. It is to submit that although the works have

	COMMENT	COMPANY'S REPLY
	understatement of "Capital Work-in-Progress" by a similar amount.	been check measured before 31-03-2009 the work bills were received after closure of accounts for the F Y 2008-09. Hence these could not be accounted as on 31-03-2009.
9.	<p>C. Comments on Disclosure: Notes on Accounts (Statement-18)</p> <p>The Government of Andhra Pradesh issued (November 2008) directive to withdraw the pending theft of energy cases against domestic consumers having connected load up to 1000 Watts. The Company reported 70995 cases involving assessed amount of Rs.8.95 crore. The company has neither made any adjustments in the accounts nor disclosed the impact of the Government orders on the financial position.</p>	The matter is being pursued with Andhra Pradesh Power Co-Ordination Committee/ Government of Andhra Pradesh.
10.	<p>Note No. 13</p> <p>It was stated in the above Note that the Company is prompt in servicing all enterprises including Micro, Small and Medium Enterprises as defined under "The Micro, Small, and Medium Enterprises Development Act 2006". In the light of pending appeals in the Honorable High Court of A.P. for delayed payment to SSI units, the Note is factually incorrect. Further, the Company has not disclosed Contingent Liability of Rs. 98.38 lakh being the balance 25% of amount (APCPDCL share) awarded by APIFC in the case pertaining to "interest on delayed payment to SSI units". The Company had appealed against the said award in the Hon'ble High Court of A.P. and deposited 75% of the total award amount.</p>	<p>It is to submit that APCPDCL is prompt in servicing undisputed amounts of all enterprises including Micro, Small and Medium Enterprises as defined under "The Micro, Small, Medium Enterprises Development Act, 2006". Accordingly it was mentioned in the Note 13 in the Accounts that the Company is prompt in servicing all Enterprises.</p> <p>In the case pointed out by audit, payments to 24 SSI units were made by erstwhile APSEB and the SSI units have claimed interest on delayed payments from erstwhile APSEB, which is disputed by APTRANSCO.</p>
11.	APGENCO claimed Rs.2.54 crore towards cost of Infirm power supplied from Jurala Hydel Project in their monthly bills, which is being contested by the company. The company has neither provided for the liability in the accounts nor disclosed the same under Contingent Liabilities.	APGENCO claimed towards cost of infirm power supplied from Jurala Hydel Project and Hydel Incentive claim (Rs.20,18,16,370/-). The bill was submitted by APGENCO after the cut off date for finalization of accounts of APDISCOMs and APPCC had taken time to verify the details furnished by APGENCO to authenticate the payments not paid the incentive bill for want of clarification regarding effective date Regulation No.1 of 2008 Tariff Order.
12.	<p>D. Comments on Auditors' Report:</p> <p>A reference is invited to Note No.8 (A) (a), wherein it was mentioned that during the year 2005-06, the actuary did not assess the liability for Family Pensioners due to insufficient data. Even during the current year, the Company did not assess the liability on account of Family Pensioners and the Statutory Auditor did not qualify the same in their report.</p> <p style="text-align: center;">For and on the behalf of the Comptroller and Auditor General of India Sd/- P.J.MATHEW Accountant General (C&RA)</p> <p>Place: Hyderabad Date: 25.09.2009</p>	<p>The note under reference is self-explanatory and the Statutory Auditor has drawn attention to the Note in his Report { Clause II (ix) }</p> <p style="text-align: center;">For and on behalf of the Board of Directors Sd/- G SAI PRASAD Chairman & Managing Director</p> <p>Place: Hyderabad Date: 29.09.2009</p>

AUDITORS' REPORT

To

**The Members of
Central Power Distribution Company of Andhra Pradesh Ltd.
Hyderabad.**

We have audited the attached Balance Sheet of **Central Power Distribution Company of Andhra Pradesh Limited**, as at 31st March 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) Order (Amendment), 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- II. Further to our observations in the annexure referred to in paragraph I above, attention is invited to the following items of Significant Accounting Policies in Schedule 18 (I) and Notes to Accounts in Schedule 18 (II):
 - i) (a) **Reference is invited to Note No. 3.1** regarding transfer of assets and liabilities under "Second Transfer Scheme" from APTRANSCO to Distribution Companies on 1.4.2000 and transfer of differences identified between the books available in the field units and the balances transferred as per the Second Transfer Scheme to the 'Second Transfer Scheme Variance Account' under 'Reserve and Reserve Funds' Rs. 29.80 Crore (Net). Pending reconciliation of these differences, we are unable to determine the impact of these on the Profit and Loss Account and Assets and Liabilities of the Company.
 - (b) **Power Purchase Agreements:** *The Government of Andhra Pradesh announced Third Transfer Scheme, in terms of which the Bulk Supply Undertaking and Power Purchase Agreements were transferred from APTRANSCO to the four Distribution Companies in specified ratio. This scheme was effective from 9th June 2005. In order to facilitate purchase and trading of power, the Government constituted one apex committee and two sub committees. These committees intimate the distribution companies their share of cost of purchase of power, expenses incurred and sale of power to regional and other electricity boards / companies, on a monthly basis.*

The monthly statements of purchase, expense and sale as intimated by the committee are incorporated in the books of the Company and have been accepted by us. It may be mentioned that these committees are not legal entities and the figures are not audited by any independent agency.

- ii) **Reference is invited to Significant Accounting Policy No.4 (a)** regarding Capitalization of employee cost and Administration & General Expenses during the year of Rs. 39.15 Crore (Previous Year Rs. 41.52 Crore) done at 10% of the Capital Works, instead of determining expenses attributable to the specific asset in line with the Accounting Standard-10"Accounting for Fixed Assets". The impact of the above on the Profit and Loss Account and Assets could not be ascertained.
- iii) **Reference is invited to Significant accounting policy No. 4 (b) and Note No. 4.5** regarding capitalization of interest Rs. 29.88 Crore (Previous Year Rs. 21.95 Crore) during construction period. Interest capitalized on qualifying asset should not exceed the interest actually paid. However, company has been capitalizing interest on total cost incurred including 10% of employee cost and Administration & General Expenses allocated on capital work which is not in line with as per Accounting Standard – 16 "Borrowing Costs". The impact of the above on the Profit and Loss Account and Assets could not be ascertained.
- iv) **Reference is invited to Significant Accounting Policy No.6 and Note No. 4.4** regarding Provision for Depreciation on Fixed Assets, which is charged under SLM method at the rates prescribed by the Central Government, vide notification No. S.O.266 (E) dated 29th March, 1994 issued under the Electricity (Supply) Act, 1948. However, in respect of certain assets rates prescribed under the notification of the Ministry Of Power is lower than rates prescribed under Schedule XIV of the Companies Act, 1956 which amounts to Rs. 0.50 Crore and the profit has been over stated to that extent.
- v) **Reference is invited to Significant Accounting Policy No. 2(a) and Note no. 5 (b)** regarding recognition of unbilled revenue on estimated basis, as against billed revenue has resulted in understatement of revenue by Rs. 12.12 Crore.
- vi) **Reference is invited to Significant Accounting Policy No. 5 and Note No. 4.3** regarding Consumer Contributed Assets and adjustment of depreciation on Assets created out of consumer contribution. The adjustment for depreciation to total assets was made on the basis of proportionate value of the assets built out of consumer contribution instead of calculating depreciation on identifiable individual contribution to assets. In continuation thereto this exercise has not been applied on the opening accumulated depreciation in respect of consumer - contributed assets existing prior to 01.04.2000. Consequent to non – withdrawal of depreciation attributable to consumer contributed assets prior to 01.04.2000, has resulted in consumer contribution being overstated and profit for the year being under stated (Amount has not been ascertained).
- vii) **Reference is invited to Schedule 7** regarding Provision for Recovery/Write Off of Cost of Materials Rs. 40.14 Crore (Previous Year Rs 29.94 Crore) shown as deduction from Stores and Spares. Under the Second Transfer Scheme w.e.f 01.04.2000, Inventories were transferred along with a provision of Rs. 30.03 Crore and of which Rs. 0.084 Crore was utilized. During the year 2008-09 management conducted a physical verification of inventories and found that there was a shortage of Rs. 10.48 Crore in respect of which provision was made. Consequently the existing provision in the books of accounts to the extent of Rs. 29.94 Crore has become redundant, which needs to be written back. In the absence of write back the profit is understated to the same extent.
- viii) **Reference is invited to Note No 14** regarding takeover of the operations of the RESCO and their liquidation.
- a) The balances outstanding against the RESCOs' in the books of the APCPDCL have not been reconciled with those shown in the books of the RESCOs' on the date of takeover (difference not ascertained).

- b) *Though the operations were taken out from, 01.12.2004 in respect of Kadiri East and West and from 01.12.2005 in respect of Sanjay RESCO, the transactions relating to these RESCOs' were not kept separately, consequently adjustments could not be made on the opening balances of these RESCOs' (Extent of adjustments not ascertainable).*
- c) *The valuation of assets and liabilities of RESCOs', as done by the liquidator showed that the assets and liabilities were equal. Whereas the valuation done by the independent chartered accountant appointed by the company reported excess of liabilities over assets to the extent of Rs. 83.13 Crore. The company has accepted the valuation of the Chartered Accountants and decided to claim the amount from the Government of Andhra Pradesh. In the absence of the confirmation from the Government for the acceptance of claim made by the company for Rs. 83.13 Crore and the non provision of the same has resulted in overstatement of profits by Rs. 83.13 Crore. Further the Assets and Liabilities are understated to the extent of Rs. 50.33 Crore and Rs 133.46 Crore respectively.*
- ix) **Reference is invited to Significant Accounting Policy No. 9 (b) and Note No. 8 A (a)** regarding *Provision for Pension & Gratuity made on estimated basis at the rate of 24.51% (Previous Year 24.51%) instead of on the basis of Actuarial Valuation as on 31.03.2009 in accordance with Accounting Standard -15 "Employee Benefits (Revised). The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.*
- x) **Reference is invited to Significant Accounting Policy No. 9 (c) and Note No. 8 A (f)** where it has been stated that, *Provision for Bonus and Ex-gratia has been made on cash basis instead of on accrual basis. The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.*
- xi) **Reference is invited to Significant Accounting Policy No. 9 (d) and Note No.8 B** where it has been stated that, *Provision for Leave Encashment has been made on estimation basis instead of on the basis of actuarial valuation as required under Accounting standard – 15 "Employee Benefits (Revised)". The management while estimating the amount for Leave Encashment did not take into account the elements of (i) increase in number of employees (ii) increase in average monthly pay and allowances per employees (iii) the increase in entitlement of Earned Leave encashment to 300 days from 240 days. The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.*
- xii) **Reference is invited to Schedule No. 6 and Note No. 17** regarding *long term Investments in RESCOs'. As the company accepted the valuation of Independent chartered accountants, the assets and liabilities of the RESCOs' which showed excess of liabilities over the assets, the investment of Rs. 1.69 Crore in RESCOs' reflected at its cost vide Schedule No 6 should have been valued at NIL and the diminution in value also should have been charged to profit and loss account as contemplated in Accounting Standard – 13 "Investment Accounting". Non adjustment of the diminution in value of investments has resulted in overstatement of profit to the extent of Rs. 1.69 Crore and overstatement of investment to that extent.*
- xiii) **Reference is invited to Significant Accounting Policy No. 10 and Note No.26** regarding *recognition of Deferred Tax Asset of Rs. 103.31 Crore on account of unabsorbed depreciation during the year 2008-09. The deferred tax Asset for the year 2007-08 of Rs. 57.47 Crore has been recognized/adjusted against the opening Profit and Loss Account (Debit Balance). In the absence of the demonstration of reasonable certainty of sufficient future taxable income available against which deferred tax asset represented by the unabsorbed depreciation can be realized, the opening Profit*

and Loss account (Debit balance) is understated by Rs. 141.38 Crore and the profit for the year overstated to the extent of Rs.103.31Crore.

- xiv) **Reference is invited to Schedule No 8** regarding Deposits received for Contribution works. As per the information provided and on review of the nature of receipts it has been observed that the said contribution works are executed by the company on receipt of the deposit amount from the consumers. On review of the Account it was observed that includes an amount of Rs 28.48 Crore lying in the deposit account (including Legacy Data) since 31st March 2008. The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.

III. Our observations/ comments on the accounts are as under:

1. **Reference is invited to Note No.3.1 and paragraph II (i) (a)** of our report regarding the adoption of balances as on 1.4.2000 as per the Second Transfer Scheme under A.P.Gazette Notification No 109, dated 29th September 2001. The details of all assets and liabilities are given as block figures under major group heads in the said Gazette Notification. *The detailed break-up of the balances have not been furnished for our verification. However the balances other than “Fixed Assets” are subject to reconciliation with the balances maintained at various Field units. Further in case of Fixed Assets of Rs 1272.66 Crore as on 1.4.2000 the Company assessed the breakup of the balances; the basis and details of final assessment of the values of assets have not been furnished for our verification. The consequential impact if any, on the balances of fixed assets and provision for depreciation could not be quantified.*
2. *The Company doesn't have any system of obtaining confirmations of balances of Sundry Debtors, Loans and Advances, Bank Balances, Sundry Creditors, loans from financial institutions and Banks. Balances under various sub-heads under Current Assets and Current Liabilities are subject to reconciliation and review. However, during the year the company has obtained confirmations of balances from 239 banks out of 322 banks; In respect of other Banks no confirmation of balance has been obtained.*
3. **Reference is invited to Schedule No. 7 and Note No. 9** regarding non-reconciliation of inter-unit account balance of Rs. 37.87 Crore (net) (Debit) (Previous Year Rs. 30.11 Crore (net) (Debit)) referred in Schedule 7 Sundry Receivables. *This amount includes differences due to data migration when SAP was implemented. The impact of the above on the Profit & Loss Account and Assets and Liabilities could not be ascertained.*
4. (a) **Reference is invited to Schedule No. 8 and Note No. 2** regarding implementation of SAP in a phased manner from the year 2006-07. *There were differences in Data migration and an amount of Rs. 18.45 Crore (Previous Year Rs. 20.33 Crore) has been shown under Current liabilities and provisions. In the absence of reconciliation we are unable to determine its impact on Profit and Loss account, Assets and Liabilities.*

(b) *The input controls in the SAP in respect of capturing data and recording of transactions, access control system, disaster data recovery plans and backups needs to be reviewed and duly certified by independent agency as regards to its adequacy.*
5. **Reference is invited to Note No. II** in respect of accounts with Banks in 74 Units out of 130 Units, *Bank Reconciliation Statements as on 31.03.2009 contain unreconciled balances since 1.4.2000 and there are unidentified credits in bank account to the extent of Rs. 7.18 Crore and cheques deposited but not credited by Bank to the tune of Rs. 5.84 Crore which are under reconciliation.*

The impact of the above on the Profit and Loss Account and Assets and Liabilities could not be ascertained.

6. **Reference is invited to Schedule no. 7 and Note no. 10** regarding Remittance in Transit and Letter of Credit of Rs. 35.64 Crore (Previous Year Rs. 65.39 Crore) included in Cash in Transit A/c which is under reconciliation. Pending reconciliation the impact thereof on the Profit and Loss Account and Assets and Liabilities could not be quantified.
7. **Reference is invited to Note no.24** regarding Savings Fund and Family Benefit Fund, wherein it has been stated that:
 - i) *Details of balances of Individual members as on 01.04.2000 were not available and hence provision for future liability has not been ascertained.*
 - ii) *Current year payments of principal and interest are charged to the Profit and Loss Account instead of to the Fund.*

The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.

8. **Reference is invited to Schedule no. 7 and Notes no. 7** regarding Sundry Debtors as on 31.3.2009 Rs. 1485.28 Crore. Total debtors as on 31.3.2009 includes amounts in respect of cases filed in the court Rs 217.13 Crore, Revenue recovery Act Rs.73.84 Crore, Disconnected/Bills Stopped Services Rs. 157.24 Crore. From the age-wise analysis provided to us, it was seen that Rs. 367.79 Crore were outstanding for more than three years. However, the provision existing as on 31.03.2008 was Rs. 413.99 Crore. Reference is also invited to Note 6 regarding Bad debts written off to the extent of Rs. 173.79 Crore and provision made for doubtful debts to the extent of Rs. 60.77 Crore during the year 2008-09. In the absence of any accounting policy for making provision for Sundry Debtors, we are unable to comment on the adequacy of provision for doubtful debts.
9. **Reference is invited to Schedule no. 8** Current Liabilities and Provisions-Sundry Creditors Excise Duty collected by the supplier as and when the sales are made. The applicable rate of excise duty for the year 2007-08 was 14% and for the 2008-09 was 8%. However, the rate of excise duty at the rate 16% has been predefined in the SAP system. This has resulted in excess debit of Excise duty in the Accounts.

The cost of the purchase price including excise duty is credited to the supplier's account. As the supplies have been consumed for revenue works, capital works and consumer contribution works, the excess credit of excise duty should be reversed to these accounts. As it is not possible to ascertain the exact extent to which excess excise duty has been debited to these accounts, the excess excise duty amount needs to be credited to Profit and Loss account. The impact of the above on the Profit and Loss Account and Liabilities could not be ascertained.

IV. Further to our above observations/comments, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit subject to non-availability of detailed individual balances of certain assets and liabilities as referred in Paragraph III (1) above for our verification.
- b. In our opinion, the company has kept proper books of account as required by law in so far as it appears from our examination of such books;

- c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section 3C of Section 211 of the Companies Act, 1956 except to the extent of the deviations expressed in paragraph II above in so far as they relate to AS-3 on Cash Flow Statements, AS-6 on Accounting for Depreciation, AS-10 on Accounting for Fixed Assets, AS-12 on Accounting for Government Grants, AS-13 Investment Accounting, AS-15 on Employee Benefits (revised), AS-16 Borrowing Costs, AS-22 Accounting for Taxes on Income, AS-26 Intangible Assets.
- e. Since the Company is a Government Company the provisions of Section 274 (1)(g) of the Companies Act, 1956 is not applicable to the company;
- f. In our opinion and to the best of our information and according to the explanations given to us, subject to adjustments which may be required in respect of matters specified in paragraph II and III above, the said accounts read with Significant Accounting Policies and Notes forming part of accounts (Schedule 18(i) and Schedule 18(ii)), and further read with our observations in Annexure referred to in paragraph-I above, give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view;
 - i) In so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
 - ii) In so far as it relates to the Profit and Loss Account, of the *Profit* of the company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Date: 29.07.2009
Place: Hyderabad

For M.BHASAKARA RAO & CO.,
CHARTERED ACCOUNTANTS
Sd/-
(V.RAGHUNANDAN)
Partner
Membership No: 26255.

ANNEXURE TO AUDITORS' REPORT
(Referred to in paragraph 2 of our report of even date)

- i) (a) The Company has maintained Fixed Assets Register showing circle wise particulars. *However quantitative details and situation of Fixed Assets were not stated.*
- (b) Reference is invited to Note No 4 wherein it has been stated that it is the policy of the management to conduct the physical verification of the assets once in three years. Accordingly, physical verification of fixed assets was carried out during 2007-08. *According to the information and explanation provided to us, minor discrepancies noticed as per the physical verification conducted by the management during the financial years 2004-05 and 2007-08 were dealt with in the books of account during the year.*
- (c) There was no substantial disposal of fixed assets during the current year.
- ii) (a) The management has conducted the physical verification of stores, spare parts, components etc. at reasonable intervals.
- (b) In our opinion, the procedure for physical verification of stores, spare parts, components etc. followed by the management is adequate and reasonable in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records for stores, spare parts, components etc. and as informed to us, there were no material discrepancies noticed on physical verification except for a few instances which have been properly dealt with in the books of account.
- iii) The company has not granted or taken loans secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly sub-clauses (b), (c), (d), (e), (f) and (g) are not applicable.
- iv) According to the information and explanation given to us, the Internal Control Systems is commensurate with the size of the company and nature of its business for purchase of Inventory, Fixed Assets and Sale of Services. *However the Internal control systems needs to be strengthened with regard to SAP implementation in reconciliation of accounts, remittance in transit and inter unit accounts, accounting of capital and revenue work orders and stores accounting.*
- v) According to the information and explanation provided by the management, there were no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly reporting under this clause is not applicable.
- vi) The company has not accepted deposits from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed there under.
- vii) The company has an Internal Audit System, covering all circles including corporate office; in our opinion the scope and coverage needs to be enlarged keeping in view the size of the organization and nature of its business and the new EDP environment with regard to SAP implementation.
- viii) Maintenance of cost records has been prescribed by the Central Government under sec.209 (1) (d) of the Companies Act, 1956 with effect from 1.4.2002. *As per the Information and explanations given by the Management, Cost records were not maintained as per Cost Accounting Record (Electricity Industry, 2001).*
- ix) (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investors Education and Protection Fund, Income-Tax, Sales-Tax, Wealth Tax, and Service Tax, Custom Duty, Excise duty, Cess and any other statutory dues applicable to it with the appropriate authorities.

(b) According to the information and explanations given to us, the following are the details of disputed statutory dues as at the year-end:

<i>Sl. No.</i>	<i>Name of the Statute</i>	<i>Nature of Dues</i>	<i>Amount Rs. in Crore</i>	<i>Period to which the amount relates</i>	<i>Forum where dispute is pending</i>
1.	<i>A.P.Tax on entry of goods in local areas Act, 2001</i>	<i>Entry Tax</i>	<i>33.25</i>	<i>2002- 2006</i>	<i>Honorable Supreme Court</i>
2.	<i>APGST Act</i>	<i>Sales Tax</i>	<i>1.34</i>	<i>2001-2006</i>	<i>Sales Tax Appellant Tribunal</i>

- x) The accumulated losses at the end of the financial year are less than fifty percent of its net worth. The company does not have cash losses during the current financial year and in the immediately preceding financial year.
- xi) According to the information and explanations given by the management, we are of the opinion that the company has not defaulted in payment of dues to financial institutions and banks. The company does not have any borrowings by way of debentures.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. However in case of staff housing loans the company has obtained required mortgage of house property.
- xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
- xiv) In our opinion and according to the information and explanation given to us, the company is not a dealer or trader in securities.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) As per information and explanation provided to us, we are of the opinion that the term loans are applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that funds raised on short - term basis, prima facie, have not been used for long-term investment.
- xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The company did not have any outstanding debentures during the year.
- xx) The company has not raised any money through public issue during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no frauds reported during the year by the management (Please refer to Schedule no. 18, Note no.18 and 19 of Notes to Accounts for details).

Date: 29.07.2009
Place: Hyderabad

For M.BHASAKARA RAO & CO.,
CHARTERED ACCOUNTANTS
Sd/-
(V.RAGHUNANDAN)
Partner
Membership No: 26255.



CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LTD.

BALANCE SHEET AS AT 31st MARCH, 2009

31.3.2009 నాటి ఆస్తి అప్పుల పట్టిక

Amount in Rs.

Particulars	Schedule	As at 31.3.2009	As at 31.3.2008
వివరములు	అనుసూచిక	31.3.2009 నాటికి	31.3.2008 నాటికి
SOURCES OF FUNDS			
నిధుల వనరులు			
(1) Shareholders' Funds			
వాటాదారుల నిధి			
(a) Share Capital	1	7,284,796,090	7,284,796,090
వాటా మూలధనము			
(b) Reserves and Surplus	2	11,186,645,589	9,377,523,745
నిధి మరియు మిగులు			
(2) Loan Funds			
అప్పుల నిధి			
(a) Secured Loans		9,407,441,214	8,506,969,666
హామీ రుణములు			
(b) Unsecured Loans		16,674,761,556	5,992,233,098
హామీ లేని రుణములు			
Total		44,553,644,449	31,161,522,599

APPLICATION OF FUNDS

నిధుల వినియోగము

(1) Fixed Assets

స్థిర ఆస్తులు

(a) Gross Block

4

44,339,074,136

38,077,405,806

స్థూల మూల్యము

(b) Less: Accumulated Depreciation

20,379,605,707

17,773,595,103

తరుగుదల నిధికి కేటాయింపుల మొత్తము

(c) Net Block

23,959,468,429

20,303,810,703

నికర మూల్యము

(d) Capital Work-in-Progress

5

6,097,304,692

6,203,850,905

జరుగుచున్న పనులపై పెట్టుబడి

(2) Investments

6

241,245,306

241,245,306

పెట్టుబడులు

(3) Deferred Tax Asset - net

328,133,241

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వాయిదా వేయబడిన పన్ను

(4) Current Assets, Loans & Advances	7		
చరాస్తులు, అప్పులు మరియు బయానాలు			
(a) Interest accrued on Investments పెట్టుబడులపై ఆర్జిత వడ్డీ		7,511,983	8,207,603
(b) Inventories సరుకు నిల్వ		894,934,095	1,086,992,969
(c) Sundry Debtors వివిధ ఋణగ్రస్తులు		10,103,564,292	11,309,524,917
(d) Other Receivables ఇతర రాబడులు		31,906,556,747	13,976,862,963
(e) Cash & Bank Balances నగదు మరియు బ్యాంకు నిల్వలు		8,507,320,246	1,592,524,258
(f) Loans & Advances అప్పులు మరియు బయానాలు		514,692,873	440,268,725
		51,934,580,236	28,414,381,436
Less: Current Liabilities and Provisions	8		
ప్రస్తుత అప్పులు మరియు కేటాయింపులు			
(a) Liabilities అప్పులు		37,971,991,994	24,717,339,552
(b) Provisions కేటాయింపులు		1,392,732,795	1,323,238,135
(c) Data Migration Accounts డాటా మైగ్రేషన్ ఖాతాలు		184,517,841	203,258,084
		39,549,242,630	26,243,835,771
Net Current Assets		12,385,337,606	2,170,545,664
నికర చరాస్తులు			
5. Profit & Loss Account (Debit Balance)		1,542,155,175	2,242,070,020
లాభ నష్టాల ఖాతా			
Total		44,553,644,449	31,161,522,599

Significant Accounting Policies and

Notes on Accounts

18

The Schedules referred to above and the notes thereon form an integral part of the Balance Sheet

For and on behalf of the Company

As per our report of even date

For M.BHASKARA RAO & CO.,
Chartered AccountantsSd/-
G. SAIPRASAD
Chairman & Managing DirectorSd/-
P. RAJAGOPAL REDDY
Director (Finance & IT)Sd/-
VRAGHUNANDAN
PartnerM.No.26255
Date : 29.07.2009
Place: HyderabadSd/-
SYED BILAL BASHA
Chief General Manager(Finance)Sd/-
K.SUJATHA
Company Secretary



CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

2008-09 నాటి లాభ/నష్టాల ఖాతా

Amount in Rs.

Particulars వివరములు	Schedule అనుసూచిక	Year Ended 31st March 2009 31. 3. 2009 నాటికి	Year Ended 31st March 2008 31. 3. 2008 నాటికి
INCOME:			
ఆదాయము			
Gross Revenue from Sale of Power	9	65,783,678,982	58,989,304,066
విద్యుత్తు అమ్మకములనుండి స్థూల ఆదాయము			
Less: Electricity Duty		1,025,193,198	888,556,389
తగ్గింపు: విద్యుత్తు సుంకము			
Net Revenue from Sale of Power		64,758,485,784	58,100,747,677
విద్యుత్తు అమ్మకము నుండి వచ్చిన నికర ఆదాయము			
Revenue Subsidies and Grants	10	33,717,410,000	11,080,000,000
ప్రభుత్వ సహాయములు మరియు గ్రాంట్లు			
Other Income	11	3,967,294,251	4,253,757,845
ఇతర ఆదాయము			
Total Income		102,443,190,035	73,434,505,522
మొత్తము ఆదాయము			
EXPENDITURE:			
వ్యయము			
Purchase of Power	12	86,662,903,322	57,360,204,547
విద్యుత్తు కొనుగోలు			
Employees Cost	13	3,579,300,010	3,887,006,333
ఉద్యోగుల జీతభత్యాలు			
Administration and General Expenses	14	1,880,417,636	1,634,036,347
పరిపాలన మరియు సామాన్య వ్యయములు			
Other Expenses	15	3,984,937,244	6,987,642,817
ఇతర వ్యయములు			
Depreciation		2,609,270,407	2,336,994,867
తరుగుదల			
Interest and Finance charges	16	2,739,686,829	1,217,492,707
వడ్డీ మరియు ఆర్థిక వ్యయములు			
Total Expenditure		101,456,515,448	73,423,377,618
మొత్తము వ్యయము			

Net Profit / (Loss) before Excess Consumer

Contribution withdrawal and prior period items	986,674,587	11,127,904
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నికర లాభము/నష్టము (వినియోగదారుల విరాళము నుండి ఉపసంహరణకు మరియు వెనుకటి సంవత్సరముల పద్ధులకు ముందు)

Excess Withdrawal of Depreciation from Consumer

Contributed Assets (Refer Note No. 4.3)	590,372,957	-
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స్థిర ఆస్తుల కొరకు వినియోగదారుల విరాళములనుండి అధిక ఉపసంహరణ

Net Prior Period Credits / (Debits)	17	438,699	127,976,085
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వెనుకటి సంవత్సరపు నికర జమలు

Profit before Tax	396,740,329	139,103,989
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పన్నుకు ముందు లాభము

Less: Provision for Taxation

తగ్గింపు: ఆదాయపు పన్ను కేటాయింపు

a) Income Tax - MAT	10,429,821	12,806,731
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ఆదాయపు పన్ను - మ్యూట్

b) Deferred Tax	246,589,498	-
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వాయిదా వేయబడిన పన్ను

c) Fringe Benefit Tax	14,528,902	12,739,957
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ఫ్రింజ్ బెనిఫిట్ పన్ను

Profit after Tax	125,192,108	113,557,301
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పన్ను తరువాత లాభము

Balance of Loss brought over from previous year	(2,242,070,020)	(2,355,627,321)
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వెనుకటి సంవత్సరము నుండి తీసుకురాబడిన నష్టము నిల్వ

Less: Deferred Tax Asset upto 31.03.2008	(574,722,737)	-
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31.03.2008 వరకు వాయిదా వేయబడిన పన్ను

Balance carried to Balance Sheet	(1,542,155,175)	(2,242,070,020)
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Significant Accounting Policies and

Notes on Accounts **18**

The Schedules referred to above and the notes thereon form an integral part of the Profit & Loss Account

For and on behalf of the Company

As per our report of even date

For M.BHASKARA RAO & CO.,
Chartered Accountants

Sd/-
G.SAI PRASAD
Chairman & Managing Director

Sd/-
PRAJAGOPAL REDDY
Director (Finance & IT)

Sd/-
VRAGHUNANDAN

Partner

M.No.26255

Date : 29.07.2009

Place: Hyderabad

Sd/-
SYED BILAL BASHA
Chief General Manager(Finance)

Sd/-
K.SUJATHA
Company Secretary



CENTRAL POWER DISTRIBUTION COMPANY OF A.P. LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	Year Ended 31st March, 2009		Year Ended 31st March, 2008	
	Rs.	Rs.	Rs.	Rs.
A. Cash flows from operating activities:				
Net Profit before tax	396,740,329		139,103,989	
Add: Depreciation	2,609,270,407		2,336,994,867	
Add: Interest and Finance Charges	2,739,686,829		1,217,492,707	
Less: Withdrawal of Depreciation on Consumer Contributed Assets	1,072,770,812		873,105,346	
Operating profit before working capital changes	4,672,926,753		2,820,486,217	
Changes in Working Capital :				
(Increase)/Decrease in Interest Accrued on Investments	695,619		(1,567,184)	
(Increase)/Decrease in Sundry Debtors	1,205,960,625		2,570,402,047	
(Increase) / Decrease in Inventories	192,058,874		303,883,365	
(Increase)/ Decrease in Loans and Advances	(74,424,147)		(149,790,868)	
(Increase)/ Decrease in Other Receivables	(17,929,693,784)		(1,979,867,353)	
Increase /(Decrease) in Provisions	59,064,839		643,922,869	
Increase/(Decrease) in Data Migration Account	(18,740,243)		(5,451,574)	
Increase /(Decrease) in Other Current Liabilities	13,196,137,858		(1,384,709,040)	
Increase/(Decrease) in Employee Liability	2,850,907		1,953,798	
Cash generated from operations	1,306,837,301		2,819,262,278	
Income taxes / Fringe Benefit Tax Paid	(14,528,902)		(12,739,957)	
Net cash flow before extraordinary item	1,292,308,399			
Excess Withdrawal of Consumer Contribution	590,372,957		-	
Net cash flow from Operating Activities		1,882,681,356		2,806,522,321
B. Cash flows from Investing Activities:				
Purchases/Adjustments relating to fixed assets	(6,264,928,133)		(6,367,604,882)	
(Increase) / Decrease in Capital Work in Progress	106,546,213		298,090,883	
(Increase)/ Decrease in Investments	-		(16,000,000)	
Net cash flow from investing activities		(6,158,381,920)		(6,085,513,999)
C. Cash flows from Financing Activities:				
Repayment of Secured Loans	(8,537,413,334)		(2,019,186,905)	
Proceeds from Secured Loans	20,437,884,889		6,862,008,219	
Repayment of Unsecured Loans	(317,471,550)		(2,768,304,284)	
Increase in Consumer Contributions	2,270,637,183		2,730,104,637	
Interest paid	(2,681,172,245)		(1,198,102,614)	
Increase in Contingency Reserve	18,031,609		17,655,786	
Net cash used in Financing Activities		11,190,496,552		3,624,174,839
Net Increase / Decrease in cash and cash equivalents during the year		6,914,795,988		345,183,161
Cash and cash equivalents at the beginning of the year		1,592,524,258		1,247,341,098
Cash and cash equivalents at the end of the year		8,507,320,246		1,592,524,258

For and on behalf of the Company

As per our report of even date

For M.BHASKARA RAO & CO.,
Chartered Accountants

Sd/-

VRAGHUNANDAN

Partner

M.No.26255

Date : 29.07.2009

Place: Hyderabad

Sd/-

G.SAI PRASAD
Chairman & Managing Director

Sd/-

PRAJAGOPAL REDDY
Director (Finance & IT)

Sd/-

SYED BILAL BASHA
Chief General Manager(Finance)

Sd/-

K.SUJATHA
Company Secretary

Schedule - 1 Share Capital

S.No	Particulars	As at 31.3.2009 Rs	As at 31.3.2008 Rs
1	Authorised Share Capital		
	1,00,00,00,000 Equity Shares of Rs 10 each	10,000,000,000	10,000,000,000
2	Issued, Subscribed And Paid-up Capital		
	72,84,79,609 Equity Shares of Rs 10/ each fully paid up	7,284,796,090	7,284,796,090
	Out of the above, 9 Shares issued for cash and the balance Equity Shares issued for consideration other than cash; the above Equity Shares allotted to APTRANSCO under Second Transfer Scheme were transferred to Govt. of AP vide G.O. Ms.No.58 Dt:09.06.2005.		
TOTAL		7,284,796,090	7,284,796,090

Schedule - 2 Reserves And Surplus

S.No	Particulars	As at 31.3.2009 Rs	As at 31.3.2008 Rs
1	CONSUMERS' CONTRIBUTION TOWARDS CAPITALASSETS:		
	As per Last Balance Sheet	9,585,816,172	7,381,237,545
	Add: Received during the year	2,269,338,075	2,204,578,627
	Sub Total (A)	11,855,154,247	9,585,816,172
2	SUBSIDIES TOWARDS COST OF CAPITALASSETS:		
	As per Last Balance Sheet	714,974,926	189,881,416
	Add: Received during the year	-	525,093,510
	Sub Total (B)	714,974,926	714,974,926
3	GRANTS/DONATIONS TOWARDS COST OF CAPITAL ASSETS :		
	As per Last Balance Sheet	1,568,534,511	1,568,102,011
	Additions during the year	1,299,108	432,500
	Sub Total (C)	1,569,833,619	1,568,534,511
	Total D= (A+B+C)	14,139,962,792	11,869,325,609
	Add: Reversal of Excess withdrawal of Cost of Capital Assets F.Y. 2006 - 07	590,372,957	-
	Less: Withdrawal towards cost of Capital Assets	4,110,412,056	3,037,641,245
	Total	10,619,923,693	8,831,684,364
4	STATUTORY RESERVES:		
	Contingency Reserve		
	As per Last Balance Sheet	234,515,157	216,859,371
	Add: Additions during the year	-	-
	Add: Interest received & reinvested	18,031,609	17,655,786
	Total	252,546,766	234,515,157
	Less: Deductions during the year	-	-
	Total	252,546,766	234,515,157
5	EMPLOYEE FUNDS	16,159,592	13,308,685
6	Ind TRANSFER SCHEME VARIANCE ACCOUNT	298,015,538	298,015,538
TOTAL		11,186,645,589	9,377,523,744

Schedule - 3 Loan Funds

S.No	Particulars	As at 31.3.2009 Rs	As at 31.3.2008 Rs
1	SECURED LOANS		
	Term Loans from		
	a) REC (Guaranteed by Government)	6,563,962,151	5,883,728,569
	b) PFC Ltd on Hypothecation of Future Assets	2,543,479,063	623,241,097
	c) SBH (Charge on Current Assets)	-	2,000,000,000
	d) Canara Bank (Hypothecation of future assets to be created out of the loan)	300,000,000	-
	Sub-Total	9,407,441,214	8,506,969,666
2	UNSECURED LOANS		
	I. Long Term Loans from		
	a) Government of Andhra Pradesh	462,442,775	543,018,333
	b) Andhra Bank	393,154,961	459,603,689
	c) ICICI Bank Ltd.	951,663,820	1,122,111,076
	d) APSEB Bonds 2004 Series	367,500,000	367,500,000
	II. Short Term Loans from		
	a) Allahabad Bank	2,000,000,000	1,500,000,000
	b) Bank of Baroda	2,250,000,000	750,000,000
	c) Karur Vysya Bank	-	500,000,000
	d) Indian Overseas Bank	-	750,000,000
	e) Bank of India	2,000,000,000	-
	f) Andhra Bank	2,000,000,000	-
	g) Punjab & Sind Bank	1,250,000,000	-
	h) Syndicate Bank	750,000,000	-
	i) UCO Bank	1,250,000,000	-
	j) Dena Bank	1,000,000,000	-
	k) South Indian Bank Ltd.	1,000,000,000	-
	l) Canara Bank	1,000,000,000	-
	Sub-Total	16,674,761,556	5,992,233,098
	TOTAL	26,082,202,770	14,499,202,764

Schedule - 4 Fixed Assets

S. No	Particulars	Gross Block				Depreciation & Amortisation				Net Block		Amount in Rs.
		As at 1-04-2008	Additions during the year 2008-09	Deductions Adjustments during the year 2008-09	As at 31.03.2009	Up to 31-03-2008	For the year	Deductions Adjustments during the year	Up to 31.03.2009	As at 31.03.2009	As at 31-03-2008	
1	Land and Land rights	27,698,134	6,530,052	10,791	34,217,395	-	-	-	-	34,217,395	27,698,134	
2	Buildings	971,495,846	269,446,977	-	1,240,942,823	165,337,173	31,024,674	-	196,361,846	1,044,580,977	806,158,673	
3	Other Civil Works	92,144,007	75,793,318	-	167,937,325	1,672,802	3,369,484	-	5,042,286	162,895,039	90,471,205	
4	Plant and Machinery	15,079,762,690	2,866,930,694	1,184,850	17,945,508,533	6,438,735,975	1,444,988,760	1,038,365	7,882,686,371	10,062,822,162	8,641,026,715	
5	Lines and Cable Network	18,016,863,719	2,274,371,273	-	20,291,234,992	9,326,495,141	1,080,813,433	-	10,417,308,574	9,873,926,418	8,690,389,579	
6	Meters and Metering equipment	3,564,732,003	692,483,018	314,800	4,256,910,220	1,690,600,169	276,130	276,130	1,690,600,169	2,566,310,051	1,874,131,833	
7	Vehicles	36,641,121	1,232,837	1,183,506	36,690,451	32,094,358	1,006,762	1,065,160	32,095,960	4,654,491	4,546,763	
8	Furniture and Fixtures	37,735,607	6,629,047	148,566	44,216,089	23,926,280	2,313,309	107,837	26,131,752	18,084,337	13,809,328	
9	Office Equipment	246,154,348	57,325,095	508,198	302,971,245	88,295,093	31,674,159	401,374	119,567,878	183,403,366	157,859,255	
10	Computer Software	16,355,849	2,005,071	455,077	17,885,843	6,438,113	3,803,695	370,938	9,870,870	8,014,973	9,897,736	
	Sub - Total	38,089,563,324	6,252,757,380	3,805,789	44,338,514,915	17,773,595,103	2,609,270,407	3,259,803	20,379,605,707	23,958,909,208	20,315,968,221	
11	Devolution of Assets to Stores until upload of asset	(13,195,938)	13,082,863	-	(113,075)					(113,075)	(13,195,938)	
	TOTAL	38,076,367,386	6,265,840,243	3,805,789	44,338,401,840	17,773,595,103	2,609,270,407	3,259,803	20,379,605,707	23,958,796,133	20,302,772,283	
12	Assets not in Use (Plant & Machinery)	1,038,420	(366,124)	-	672,296					672,296	1,038,420	
	GRAND TOTAL	38,077,405,806	6,265,474,119	3,805,789	44,339,074,136	17,773,595,103	2,609,270,407	3,259,803	20,379,605,707	23,959,468,429	20,303,810,703	
	Grand Total of Previous Year	31,709,800,924	6,309,483,380	1,073,728	38,077,405,806	15,436,600,236	2,336,994,867	-	17,773,595,103	20,303,810,703	16,273,200,688	

Schedule - 5 Capital Work-In-Progress

S.No	Particulars	As at 31.3.2009 Rs	As at 31.3.2008 Rs
1	Capital Work-in-Progress *	5,902,176,507	6,112,580,736
2	Advances to Suppliers/Contractors (Capital)	195,128,185	91,270,169
TOTAL		6,097,304,692	6,203,850,905

* Net of Devolution of Materials for Legacy Orders

Schedule - 6 Investments

S. No	Particulars	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
LONG TERM INVESTMENTS (AT COST)			
1	Contingency Reserve Investments (On Trade)		
	Quoted		
	a) 8.95% APTRANSCO Vidyut Bonds - 132 bonds of Face Value Rs.10,00,000 each (Market Value as on 31.03.2009 Rs.10,00,000 each)	132,000,000	132,000,000
	b) SBI Mutual Funds - 11,11,241.895 units of Face Value of Rs.10 each (Market Value as on 31.03.2009 Rs.10.1377 each)	11,329,000	11,329,000
	c) APPFC bonds - 11 bonds of Face Value Rs.10,00,000/- each (Market Value as on 31.03.2009 Rs.10,00,000 each)	11,000,000	11,000,000
	Unquoted		
	a) 5.64% Central Govt.Securities - 2,00,000 bonds of Face Value Rs.100 each	19,876,333	19,876,333
	b) 8.35% Central Govt.Securities - 1,72,000 bonds of Face Value Rs.100 each	19,435,713	19,435,713
	c) 8.07% GOI 2017 Bonds	4,301,560	4,301,560
	d) 8.2% APWRDC Non-convertible 104 bonds of Face Value Rs.1,00,000 each	10,400,000	10,400,000
	e) Investment in APSFC - Unsecured, redeemable, non-convertible, Non SLR Bonds Series-II-2008	16,000,000	16,000,000
	Sub Total	224,342,606	224,342,606
2	Other Investments		
	Unquoted		
	Shares in Rural Electricity Supply Co-operative Societies (RESCO)		
	a) Sanjay RESCO, Jogipet - 67,860 shares of Face Value Rs 100 each	6,786,000	6,786,000
	b) Kadiri West RESCO - 1 share of Face Value Rs.16,700 each	16,700	16,700
	c) Kadiri West RESCO - 55 Shares of Face Value Rs.1,00,000 each	5,500,000	5,500,000
	d) Kadiri East RESCO - 46 Shares of Face Value Rs.1,00,000 each	4,600,000	4,600,000
	Sub Total	16,902,700	16,902,700
GRAND TOTAL		241,245,306	241,245,306

Schedule - 7 Current Assets Loans And Advances

S.No	Particulars	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
1	INTEREST ACCRUED ON INVESTMENTS	7,511,983	8,207,603
2	INVENTORIES		
	Stores and Spares	1,297,097,198	1,386,485,624
	Add: Materials stock (Excess) / Shortage pending investigation	(793,412)	(37,387)
	Less: Provision for Recovery / Write Off of Cost of Materials	401,369,691	299,455,268
	TOTAL	894,934,095	1,086,992,969
3	SUNDRY DEBTORS		
	a) Outstanding for a period exceeding 6 months		
	i) Considered Good	2,754,355,777	4,121,859,749
	ii) Considered Doubtful	6,487,155,310	7,097,180,969
		9,241,511,087	11,219,040,718
	Less: Bad Debts written off during the year	1,739,521,856	2,957,264,515
		7,501,989,231	8,261,776,203
	Less: Provision for Doubtful Debts	4,747,633,454	4,139,916,454
		2,754,355,777	4,121,859,749
	b) Other Debts Considered Good		
	- Unbilled Revenue	5,907,810,228	5,662,205,580
	- Others	1,441,398,287	1,525,459,589
		7,349,208,515	7,187,665,169
	TOTAL	10,103,564,292	11,309,524,918
4	OTHER RECEIVABLES		
	a) from Government of Andhra Pradesh	30,542,173,964	13,632,006,288
	Less: Written off during the year	-	1,286,300,000
		30,542,173,964	12,345,706,288
	b) from APSEE Master P&G Trust	266,433,524	280,990,804
	c) <u>from Others</u>		
	i) Inter Unit Accounts	378,667,192	301,051,798
	ii) Amount Receivable from Employees & Others	168,622,917	183,286,431
	iii) Scrap Devolution/Scrap Sale Release	69,803,391	74,106,744
	iv) Receivables - ACD/CD Arrears	5,514,877	5,845,752
	v) Others	475,340,882	785,875,146
	Sub - Total - c	1,097,949,259	1,350,165,871
	TOTAL	31,906,556,747	13,976,862,963
5	CASH AND BANK BALANCES		
	a) Cash Balance on Hand	128,119,714	99,141,467
	b) <u>Balance with Scheduled Banks:</u>		
	i) Current Accounts	7,640,505,294	628,233,027
	ii) Fixed Deposits	382,240,806	211,200,629
	c) Cash in Transit	356,454,432	653,949,135
	TOTAL	8,507,320,246	1,592,524,258

6	LOANS AND ADVANCES		
a)	Loans/Advances to Staff (Considered Good)	6,337,723	6,619,776
b)	Amount recoverable in cash or in kind or for value to be received (Considered Good except as stated in Note No.12)		
i)	Tax Deducted at Source	7,654,619	4,057,107
ii)	Deposits with Others	496,816,987	414,123,203
iii)	Prepaid Expenses	3,883,544	15,468,640
	TOTAL	514,692,873	440,268,725
	GRAND TOTAL	51,934,580,236	28,414,381,436

Schedule - 8 Current Liabilities And Provisions

S.No	Particulars	As at 31.3.2009 Rs	As at 31.3.2008 Rs
1	CURRENT LIABILITIES		
a)	Sundry Creditors (Net)	9,285,064,386	5,319,013,717
b)	Others:		
i)	APCPDCL P & G Trust	252,167,203	436,446,972
ii)	APCPDCL GPF Trust	291,111,237	327,534,260
iii)	Creditors for Expenses (Net)	83,327,634	70,644,189
iv)	Entry Tax	113,978,039	160,448,665
v)	TDS	9,693,531	7,183,387
vi)	Employee Liabilities	270,743,206	247,744,966
vii)	Other Liabilities	9,345,689,747	5,179,607,149
c)	Security and Other Deposits	1,628,923,380	1,490,382,530
d)	Security Deposits from Consumers (including Interest thereon)	11,040,342,535	9,341,631,578
e)	Payable to APTRANSCO	780,027,987	840,833,397
f)	Payable to EPDCL	3,176,960,337	1,980,436,189
g)	Payable to NPDCL	481,371,866	(1,159,746,190)
h)	Payable to SPDCL	930,530,750	302,438,275
i)	Payable to Government of Andhra Pradesh	223,545,572	153,350,374
j)	Interest Accrued but not due	58,514,584	19,390,094
	Sub Total	37,971,991,994	24,717,339,552
2	PROVISIONS		
a)	Provision for Leave Encashment	1,353,513,777	1,296,450,725
b)	Provision for Gratuity	27,255,265	13,980,679
c)	Provision for Income Tax	11,963,753	12,806,731
	Sub Total	1,392,732,795	1,323,238,135
3	Data Migration Accounts	184,517,841	203,258,084
	TOTAL	39,549,242,630	26,243,835,771

Schedule - 9 Revenue From Sale Of Power

S.No	Particulars	For the year 2008-09 Rs.	For the year 2007-08 Rs.
Revenue from Sale of Power			
1	<u>L.T. Supply:</u>		
	Cat.-I Domestic	11,858,233,147	10,675,385,970
	Cat.-II Non-Domestic	8,760,490,488	7,986,193,271
	Cat.-III Industrial	4,870,611,252	4,843,490,156
	Cat.-IV Cottage Industries	30,048,046	32,912,750
	Cat.-V Agriculture	104,105,700	73,037,561
	Cat.-VI Street Lights	1,210,604,444	971,466,692
	Cat.-VII General Purpose	220,770,769	205,071,269
	Cat.-VIII Temporary Supply	29,342,157	59,262,629
	Others	(1,627,053)	2,052,057
	Sub-Total	27,082,578,950	24,848,872,355
2	<u>H.T. Supply:</u>		
	Cat.I Industrial	27,805,059,381	24,529,477,041
	Cat.II Non-Industrial	6,074,208,416	5,512,984,078
	Cat.IV Agricultural	697,633,097	691,203,792
	Cat.V Railway Traction	406,100,008	391,560,904
	Cat.VI Residential	338,911,744	281,481,191
	Cat. VIII Temporary Supply	86,349,665	77,503,044
	Others	11,798,705	89,029,853
	Sub-Total	35,420,061,016	31,573,239,903
3	Discom to Discom Revenue	517,426,024	(615,651,722)
4	Inter-State Sales	218,840,162	930,722,059
	Sub-Total	736,266,186	315,070,337
5	Wheeling Charges	108,062	29,419,357
6	Electricity Duty Recoveries	1,025,193,198	888,556,388
7	Theft of Power/Malpractice	127,968,763	43,417,838
8	<u>LT Customer Charges:</u>		
	Cat.-I Domestic	954,880,023	875,774,237
	Cat.-II Non-Domestic	143,028,311	134,837,279
	Cat.-III Industrial	26,067,040	24,226,959
	Cat.-IV Cottage Industries	1,230,842	1,168,021
	Cat.-V Agriculture	207,828,456	203,242,977
	Cat.-VI Street Lights	14,567,823	13,169,691
	Cat.-VII General Purpose	4,257,042	4,376,779
	Cat.-VIII Temporary Supply	46,793	86,619
	Sub-Total	1,351,906,330	1,256,882,562

9	<u>HT Customer Charges:</u>		
	Cat.I Industrial	23,390,334	19,735,405
	Cat.II Non-Industrial	13,752,753	11,407,450
	Cat.IV Agricultural	1,401,502	1,735,445
	Cat.V Railway Traction	54,056	53,891
	Cat.VI Residential	788,228	732,215
	Cat. VIII Temporary Supply	209,604	180,919
	Sub-Total	39,596,477	33,845,325
	Total	65,783,678,982	58,989,304,066

Schedule - 10 Revenue Subsidies & Grants

S.No.	Particulars	For the year 2008-09 Rs.	For the year 2007-08 Rs.
1	Tariff Subsidy	327,600,000	-
2	Additional Subsidy For Expensive Power	33,389,810,000	11,080,000,000
	TOTAL	33,717,410,000	11,080,000,000

Schedule - 11 Other Income

S.No.	Particulars	For the year 2008-09 Rs.	For the year 2007-08 Rs.
1	<u>Interest on:</u>		
	a) Staff Loans & Advances	557,762	868,906
	b) Fixed Deposits & Others	19,277,144	16,755,794
2	Surcharge/Interest on ACD/CD Arrears	44,089,483	42,619,836
3	Delayed Payment Surcharge from Consumers	754,719,059	800,235,205
4	<u>Miscellaneous Receipts:</u>		
	i) Rebate on Power Purchase	839,878,016	649,887,248
	ii) Fines & Penalties from Suppliers & Contractors	11,572,526	129,401,410
	iii) Profit on Sale of Scrap	22,914,712	39,291,629
	iv) Excess found on Physical Stock Verification	447,989	2,146,840
	v) Sale of Tender Schedules	9,091,015	5,729,752
	vi) Rental from Contractors	3,168,592	2,835,378
	vii) Other Income	741,658,160	1,102,318,949
	viii) Capacitor Surcharge	99,633,097	68,528,801
	ix) Interest on ED	12,718,281	9,509,267
	x) Application Registration Fees	14,893,908	16,893,401
	xi) Supervision Charges	227,160,486	209,063,720
	xii) FSA Provision Written Back	-	280,776,289
	xiii) Miscellaneous Income	92,743,208	3,790,074
	Sub-Total	2,075,879,991	2,520,172,758
5	Withdrawal from Consumer Contribution towards Depreciation on Consumer-Contributed Assets	1,072,770,812	873,105,346
	Total	3,967,294,251	4,253,757,845

Schedule - 12 Purchase Of Power

S.No.	Particulars	For the year 2008-09 Rs.	For the year 2007-08 Rs.
1	Purchase of Power from Generators, etc.	86,662,903,322	57,360,204,547
TOTAL		86,662,903,322	57,360,204,547

Schedule - 13 Employees Cost

S.No.	Particulars	For the year 2008-09 Rs.	For the year 2007-08 Rs.
1	Salaries and Wages (including Directors' Salaries & Allowances)	3,118,286,191	2,947,667,394
2	Pension Contribution & Terminal Benefits	761,012,030	1,284,090,772
3	Employees Welfare Expenses	32,811,088	8,184,531
Sub-Total		3,912,109,309	4,239,942,697
Less: Employees' Cost Capitalised		332,809,299	352,936,364
TOTAL		3,579,300,010	3,887,006,333

Schedule - 14 : Administration And General Expenses

S.No	Particulars	For the year 2008-09		For the year 2007-08	
		Rs.	Rs.	Rs.	Rs.
1	Licence fees - APERC		19,497,900		16,576,300
2	<u>Repairs and Maintenance Expenses:</u>				
	a) Plant and Machinery	1,101,987,981		990,910,542	
	b) Buildings & Civil works	13,383,284		8,020,120	
	c) Vehicles	43,357,329		26,446,846	
	d) Others	4,143,667	1,162,872,260	1,975,649	1,027,353,156
3	Lease Rentals		-		7,122,219
4	Vehicle Hire charges		133,350,529		129,174,041
5	Rent		21,761,847		14,720,223
6	Rates & Taxes		16,486,507		16,206,075
7	Insurance		1,056,428		459,918
8	Telephone Charges		35,519,382		36,860,651
9	Postage & Telegram		1,994,631		2,024,398
10	Legal Charges		7,371,292		6,593,775
11	<u>Auditor's Remuneration-</u>				
	a) Audit Fee	764,510		678,054	
	b) Out of Pocket Expenses	150,000		150,000	
12	Consultancy Charges		914,510		828,054
13	Professional Charges		6,274,550		7,076,022
14	Other Professional Charges		17,248,188		13,606,854
15	e-Seva Transaction Charges		138,476,409		134,928,963
16	Consumer Service Centre Charges		23,288,676		23,907,867
17	AP Online Charges		12,043,221		10,238,913
18	Bill Junction/Bill Desk Transaction Charges		5,716,416		3,041,708
19	Printing & Stationery		29,384		30,817
20	Advertisement		28,772,872		26,006,748
21	Electricity Charges		14,158,286		16,724,469
22	Conveyance and Travelling Expenses		40,376,049		36,265,355
23	Directors' Sitting Fees		182,053,741		156,182,176
24	Other Expenses		64,000		48,000
	Sub-Total		1,939,148,696		1,696,313,356
	Less: Administration & General Expenses Capitalised		58,731,060		62,277,009
	TOTAL		1,880,417,636		1,634,036,347

Schedule - 15 Other Expenses

S.No	Particulars	For the year 2008-09 Rs.	For the year 2007-08 Rs.
1	Compensation for Injuries, Death & Damages	18,452,266	11,601,343
2	Fixed Assets Written off	549,635	-
3	Rebate on Power Bills	3,411,675	4,182,335
4	Doubtful Debts Provided for	607,717,000	1,082,775,230
5	Bad Debts Written Off	1,739,521,856	2,957,264,515
6	Agricultural Dues from GoAP Written off	-	1,286,300,000
7	H T Incentive	1,496,459,779	1,579,311,391
8	Other Costs	118,825,033	66,208,004
Total		3,984,937,244	6,987,642,817

Schedule - 16 : Interest And Finance Charges

S.No	Particulars	For the year 2008-09 Rs.	For the year 2007-08 Rs.
1	Interest on State Government Loans	9,275,572	10,349,700
2	Interest on REC Loans	583,232,501	538,073,760
3	Interest on PFC Loans	179,717,756	26,630,720
4	Interest on APSEB Bonds (2004)	42,630,000	42,630,000
5	<u>Interest on loans from Banks:</u>		
	i) ICICI Bank	75,207,882	120,407,868
	ii) Andhra Bank	30,904,666	35,969,974
6	Other Interest/Finance Charges	2,117,465,060	663,028,205
	Sub-Total	3,038,433,437	1,437,090,226
	Less: Interest and Finance Charges Capitalised	298,746,608	219,597,518
Net		2,739,686,829	1,217,492,707

Schedule - 17 : Net Prior Period Credits/ (Debits)

S.No	Particulars	For the year 2008-09 Rs.	For the year 2007-08 Rs.
1	Income relating to Prior Years		
	a) Receipts Prior Period	(4,906,734)	25,568,665
	b) Other Excess Provisions	(24,504,976)	116,897,385
	Sub-Total	(29,411,710)	142,466,050
2	Prior Period Expenses / Losses		
	a) Operating Expenses	(29,857,165)	1,029,749
	b) Interest & Other Finance Charges	6,756	13,460,216
	Sub-Total	(29,850,409)	14,489,965
Net Prior Period Credits/ (Debits)		438,699	127,976,085

CENTRAL POWER DISTRIBUTION COMPANY OF A P LIMITED

SCHEDULE 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles.

2. REVENUE RECOGNITION

a) Sale of Power:

- i) Revenue from Sale of Power is accounted for based on demand bills raised on consumers. Tariff rates for sale of power are as per Tariff Order of The Andhra Pradesh Electricity Regulatory Commission.
- ii) Unbilled Revenue, including Delayed Payment Surcharge, as at the end of the financial year is provided in the books of accounts on 'estimation basis'.
- iii) Bills raised for theft of energy, whether on a consumer or an outsider are not recognized in full until the final assessment order is received from the competent authority of the Company. The amount received against initial assessment is treated as "Other Deposits".

b) Other Income is accounted on accrual basis.

3. FIXED ASSETS

Fixed Assets of the Company are stated in the books of account and disclosed in annual accounts at Historical Cost. Intangible assets are recognized as per the criteria specified in Accounting Standard-26 "Intangible Assets" issued by the Institute of Chartered Accountants of India.

4. CAPITAL WORK IN PROGRESS

- a) Ten percent of the Cost of Capital Works is capitalized to Capital Works towards Employee Cost and Administration & General Expenses, as the Operation Circles are executing both Capital Works and Operation & Maintenance Works, and it is not practicable to maintain records to identify the man hours spent by the staff on Capital Works.
- b) Interest relating to construction period is calculated based on the average interest rate of loans drawn under a Scheme, and capitalized. The interest is calculated from the date expenditure is incurred on respective Work Orders of the Scheme.

5. CONSUMERS' CONTRIBUTIONS, GRANTS AND SUBSIDIES TOWARDS COST OF CAPITAL ASSETS

These are recognized in the Profit & Loss Account by allocating them over the periods and in proportion in which depreciation on assets concerned is charged.

6. DEPRECIATION

- a) Depreciation on Fixed Assets is provided under the 'Straight Line Method' upto 90% of the original cost of assets, at the rates notified by the Ministry of Power, Government of India vide Notification No. S.O.266 (E) dated 29th March, 1994.
- b) Depreciation is calculated from the date of capitalisation or procurement of the asset.
- c) Depreciation on deletions of assets during the year is provided on pro-rata basis.

7. INVESTMENTS

Investments are intended to be long term, and are carried at cost. Interest accrued on investments during the year is credited to 'Contingency Reserve'.

8. INVENTORIES

Inventories are valued at lower of cost and net realizable value. Cost is determined on weighted average basis. Cost includes insurance, freight, taxes and all other expenses incurred to bring the inventories up to the Stores.

9. Employee Benefits

- a) Company's contributions to Provident Fund and Group Insurance Scheme are charged to Profit and Loss Account.
- b) Provision towards accrued liability for pension and gratuity is accounted for based on the figures furnished by Actuary.
- c) Bonus/ex-gratia is accounted for on 'cash basis'.
- d) Leave Encashment is accounted for based on the figures furnished by Actuary.

10. TAXES ON INCOME

- a) Current Tax is determined as the amount of tax payable in respect of taxable income for the period.
- b) Deferred tax asset/liability is recognized subject to the consideration of prudence on timing differences, being the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- c) Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

II. NOTES ON ACCOUNTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements of the Company have been prepared in accordance with Schedule VI of the Companies' Act, 1956.

2. SAP IMPLEMENTATION

During the Financial Year 2006-07, the Company implemented SAP ERP for effective maintenance of books of accounts. Implementation of SAP has resulted in certain unreconciled items aggregating to Rs.18.45 Crores (Cr.) [Previous Year Rs.20.33 Crores (Cr.)], which have been classified as "Data Migration Account" and grouped under 'Current Liabilities'. These shall be adjusted after proper reconciliation.

3. TRANSFER SCHEME BALANCE

3.1 Second Transfer Scheme

The balances as on 1-4-2000 have been adopted in the books of accounts as per "Second Transfer Scheme" notified by G.O.Ms.No.109 Energy (Power III) dt.29-9-2001. Based on review, certain differences between balances maintained at field units and balances as transferred under the "Second Transfer Scheme" have been identified in both assets and liabilities.

The differences identified of Rs.29.80 Crores are adjusted and transferred to "Ind Transfer Scheme Variance Account" and shown under 'Reserves and Surplus'. The decision on further adjustment shall be taken based on the decision of Committee constituted as per the Second Transfer Scheme.

3.2 Third Transfer Scheme

- (a) The Government of Andhra Pradesh (GoAP) vide G.O.Ms. No.58, Energy (Power-III), dated: 07-06-2005 notified the transfer of Bulk Supply Undertaking and Power Purchase Agreements from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to the four Distribution Companies (DISCOMs), in specified ratios, as on 09-06-2005. The share of the Company in generation capacities of all generating stations allocated to the four DISCOMS was 43.48%.

The GoAP has, vide G.O.Ms.No.53, Energy (Power-III) dated 28.04.2008, amended the share of four DISCOMs in the Generating Stations as per which the revised share of APCPDCL is 46.06%. This G.O. shall be deemed to have come in to force with retrospective effect from 09.06.2005. The retrospective implementation of the G.O. involves so many calculations, revisions, etc. The Andhra Pradesh Power Co-ordination Committee (APPCC) is in the process of requesting the GoAP to amend the date of implementation from April, 2008 onwards.

The account of Purchase of Power in Schedule 12 is based on the revised share of 46.06%.

- (b) The cost of Power Purchase, Inter-State Sale of power and its accounting are being carried out by the APPCC, and are intimated to the DISCOMs, which are adopted in the Company's books.

4. FIXED ASSETS

- 4.1 As per the policy of the management, considering the size of the organization, physical verification of assets is carried out once in three years. Accordingly, physical verification of fixed assets has been carried out during the F.Y. 2007-08. Certain minor discrepancies have been noticed during the physical verification. These discrepancies, along with the discrepancies noticed during the earlier physical verification during Financial Year 2004-05 have been adjusted in the books of accounts during the Financial Year 2008-09. The impact of these adjustments is as follows:

- Gross Block of Fixed Assets has reduced by Rs.0.38 Crores.
- Accumulated Depreciation has reduced by Rs.0.33 Crores.
- Written-down value of Fixed Assets Rs.0.05 Crores has been charged to Profit & Loss Account.

The details of Fixed Assets of the Company as on 31.03.2009 are as follows-

Particulars	Rs. Crores	
	2008-09	2007-08
Gross Block Value	4,433.79	3,807.74
Accumulated Depreciation	2,037.95	1,777.36
Net Block Value	2,395.84	2,030.38

The Gross Block Value of Fixed Assets is net of devolution of assets to Stores amounting to Rs. 0.01Crores (Previous year Rs.1.32 Crores).

- 4.2 The assets have been insured wherever considered essential.
- 4.3 **Consumer Contributed Assets:** During the year 2008-09, the Company has received Consumer Contribution (including Subsidies, Grants and Donations towards Cost of Capital Assets) amounting to Rs.227.06 Crores (Previous year Rs.273.01 Crores). In proportion in which depreciation on the concerned assets has been charged during the year 2008-09, an amount of Rs.107.28 Crores (Previous year Rs.87.31 Crores) has been treated as withdrawal from consumer contribution and credited to Profit and Loss Account.

Further, during the year, the excess withdrawal of Rs.59.04 Crores from Consumer Contribution in the year 2006-07 has been reversed as per CAG Comment – 1 of Comments issued under Section 619 (4) Financial Year 2007-08.

- 4.4 Depreciation on Fixed Assets:** Depreciation on Fixed Assets has been provided under the “Straight Line Method” at the rates notified by the Ministry of Power (MoP), Government of India vide Notification No. S.O.266 (E) dated 29th March, 1994. In respect of the following Assets the rates applied as per MoP are different from rates prescribed under Schedule XIV of Companies Act, 1956-

Description of Asset	Schedule XIV Rates	MoP Rates
Buildings and Other Civil Works	1.63%	3.02%
Battery Chargers	4.75%	33.40%
Material Handling Equipments	4.75%	7.84%
Meters / Meter Equipments	4.75%	12.77%
Office Equipments and Air Conditioners	4.75%	12.77%
Plant & Machinery and Lines, Cables & Network	4.75%	7.84%
Capacitor Banks	4.75%	5.27%
Furniture & Fixtures	6.33%	12.77%
Vehicle – Car / Jeep / Scooter / Motor Cycle	9.50%	33.40%
Vehicle – Lorry / Truck	11.31%	33.40%
Computers and IT Equipments	16.21%	12.77%

- 4.5 Interest During Construction:** Interest relating to Construction period of Rs.29.88 Crores (Previous year Rs.21.96 Crores) has been capitalized during the year.

5. REVENUE

- During the year 2008-09 the Company is eligible for Tariff Subsidy Rs. 32.76 Crores (Previous Year Rs. Nil) and Additional Subsidy for Expensive Power aggregating to Rs. 3,338.98 Crores (Previous Year Rs. 1,108.00 Crores)
- As per Company’s accounting policy, Unbilled Revenue (including Delayed Payment Surcharge) as at the end of the financial year has been provided in the books of accounts on ‘estimation basis’, which works out to Rs. 590.78 Crores (Previous Year Rs. 566.22 Crores). As per the actual billing, the amount works out to Rs.602.90 Crores (Previous Year Rs.584.35 Crores).
- Regarding collection of Electricity Duty from Ferro Alloy units, the element of electricity duty is not being collected and remitted, pending receipt of clarification from GoAP on G.O. Ms. No.123 dated 23.10.2003. The amount for the years 2003-04 to 2008-09 works out to Rs.8.14 Crores.

6. INVENTORIES:

- Net Realizable value has been obtained and compared with the cost in respect of all major materials.
- Hitherto, inventories which were valued at cost are now valued at lower of cost and net realizable value. However, there is no impact on the financial statements consequent to change in the method of valuing inventory during the financial year 2008-09.
- During the year under review, the Company has, based on Stock Verification Reports for the Financial Year 2008-09, made a provision of Rs.10.48 crores (Previous Year Rs. NIL) for non-moving, slow-moving, short and obsolete inventories.

7. SUNDRY DEBTORS

The details of Sundry Debtors as on 31-3-2009 (net of credit balances) are given below:

Rs. Crores

Particulars	As on 31.03.2009	As on 31.03.2008
Court Cases	217.13	198.66
R.R. Act	73.84	24.89
Disconnected / Bills Stopped	157.24	456.31
Others *	446.13	298.86
	894.34	978.72
Add: Unbilled Revenue Provision	590.78	566.22
	1,485.12	1,544.94
Less: Provision for Doubtful Debts	474.76	413.99
Sundry Debtors	1,010.36	1,130.95

* Includes Rs.8.04 Crores (Previous year Rs.6.92 Crores) representing the amount realized and not adjusted against individual consumers.

The Company has reviewed the status of Sundry Debtors as on 31.03.2009 and considering the scope of realisability, bad debts aggregating to Rs.173.95 crores have been written off.

8. EMPLOYEE RELATED BENEFITS

A) TERMINAL BENEFITS:

a) Employees who have joined prior to 01.02.1999

During the year the Company has not carried out Actuarial Valuation of Terminal Benefits. The Company, based on the Draft Actuary Report as on 31.03.2006, has contributed 24.51% of Basic & DA towards Pension & Gratuity to the APCPDCL Pension & Gratuity Trust.

While conducting Actuarial Valuation of Terminal Benefits during the year 2006, the liability for Family Pensioners was not assessed by the Actuary due to insufficient data.

During the year under review, the amount charged to Profit & Loss account is Rs.47.12 Crores (Previous Year Rs.46.77 Crores) towards provision for Pension & Gratuity. As stated above, this does not include liability for Family Pensioners.

These employees are covered by General Provident Fund and are eligible for Gratuity and Pension. The GPF is administered by APCPDCL PF Trust.

The funds of Pension and Gratuity are held jointly by Master Trust, administered by APGENCO, and APCPDCL Pension & Gratuity Trust, and payments are made in the ratio of 74:26 respectively.

- b) The Company owes Rs.25.21 Crores to APCPDCL P & G Trust as on 31.03.2009 (Previous Year Rs.43.64 Crores).
- c) APSEE Master P & G Trust owes Rs.26.64 Crores (Previous Year Rs.28.10 Crores) to the Company as on 31.03.2009.
- d) The Company owes Rs.29.11 Crores (Previous Year Rs.32.75 Crores) to APCPDCL GPF Trust. Interest on GPF for the financial year 2008-09 of Rs.2.26 Crores (Previous Year Rs.2.34 Crores) has been debited to Profit and Loss Account.

e) Employees who have joined on or after 01.02.1999

These employees are covered by Employees' Provident Fund & Miscellaneous Provisions Act 1952 and Employees' Provident Fund Scheme, 1952. Gratuity for eligible employees provided by the Company for the year is Rs.1.33 Crores (Previous Year Rs.0.79 Crore).

f) No Bonus has been paid by the Company during the year ended March 31, 2009. Ex-gratia payment during the year amounts to Rs.2.05 Crores. (Previous Year Rs.1.00 Crore.).

B) Leave Encashment

During the year an amount of Rs.14.30 Crores (Previous Year Rs.13.57 Crores) has been incurred towards Leave Encashment by way of direct debit to Provision for Leave Encashment Account.

Further, during the year the Company has not carried out Actuarial Valuation of Leave Encashment. The Company, based on Actuarial Valuation done in Financial Year 2004-05, has extrapolated the liability as on 31.3.2009 and, accordingly, has made a provision of Rs.20 Crores towards Leave Encashment during the year (Previous Year Rs.78 Crores).

OTHERS:

9. The Company is in the process of reconciling other claims under Inter Unit accounts balance amounting to Rs.37.87 Crores (Previous Year Rs.30.11 Crores).
10. Remittances-in-transit of Rs.35.64 Crores (Previous Year Rs.65.39 Crores) includes an amount of Rs.0.09 crores (Previous Year Rs.0.09 Crores) due to the Company which was inadvertently credited to the bank account of Eastern Power Distribution Company of A.P. Ltd. during the previous years by the bankers and the said amount is under reconciliation. In the opinion of the management, the amount is fully recoverable. Necessary entries will be passed in the books of account after reconciliation and confirmation thereof.
11. The Company is in the process of reconciling the following unreconciled balances since 01.04.2000 in Bank Reconciliation Statements of 74 Field Units out of 130 Units-
 - a) Unidentified Credits in Bank Statements Rs.7.18 Crores ; and
 - b) Cheques deposited by the Company but not credited by the bank Rs.5.84 Crores.
12. i) The amount of 'Deposits with Others' Rs.49.68 Crores (Previous Year Rs.41.41 Crores) includes an amount of Rs.17.23 Crores (Previous Year Rs.17.23 Crores) towards disputed Entry Tax and Sales Tax deposited by the Company with the Commercial Taxes Officer as per Orders of APSTAT and Honorable High Court.
 - ii) Consequent to abolition of Entry Tax Act vide Hon'ble High Court of Andhra Pradesh judgement Dt.31.12.2007, liability existing in books of accounts subsequent to 31.12.2007 aggregating to Rs.6.46 Crores has been written back to Profit & Loss Account.
13. The Company is prompt in servicing all enterprises including Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprises Development Act, 2006".
14. The Company has taken over the operations of Kadiri (East & West) RESCOs from 01.12.2004 and Sanjay RESCO from 01.12.2005 as per the orders of Government of Andhra Pradesh.

The Company has appointed an independent Chartered Accountant for verification of assets and liabilities submitted by the Liquidator. Based on overall circumstances and the report of the Chartered Accountant, it reflects that the Company needs to be compensated to the extent of Rs.83.13 Crores for take-over of assets and liabilities. The Company has approached the Government of Andhra Pradesh for reimbursement.

The decision on the take-over of assets and liabilities will be taken after the receipt of decision from the Government.

15. The Revenue and Expenditure of Kadiri East and Kadiri West RESCOs for the year 2008-09 included in the books of accounts are as follows-

Particulars	Rs. Crores	
	2008-09	2007-08
Revenue	5.32	5.88
Expenditure(Other than Power Purchase & Depreciation)	4.22	4.18

16. The Revenue and Expenditure of Jogipet RESCO for the year 2008-09 included in the books of accounts are as follows-

Particulars	Rs. Crores	
	2008-09	2007-08
Revenue	14.84	13.26
Expenditure (Other than Power Purchase & Depreciation)	7.10	7.74

17. Long-Term Investments of Rs.1.69 Crores made in Rural Electricity Supply Co-operative Societies (RESCO) shares were transferred to the Company under the Second Transfer Scheme and of Sanjay Rural Electricity Co-Operative Society, Jogipet (RESCO) transferred by APTRANSCO. No depreciation is provided on these investments as the values of Assets and Liabilities have not been adopted in the books of accounts of the Company.

18. During the process of Internal Audit:

18.1 Financial misappropriation of Rs.1.38 Crores was noticed at Kurnool ERO. Consequent to Departmental Proceedings and Enquiries, one of the employees has been dismissed from service. The terminal/pensionary benefits of few employees have been withheld as they have retired from service. WP Nos. 26987/2005, 4799/2006, 687/2008 and 7374/2008 are pending in the Hon'ble High Court of Andhra Pradesh.

18.2 Financial misappropriation of Rs.0.06 crores has been noticed at Gadwal ERO due to non-accounting of cash collection in the Cash Book. Pursuant to Departmental proceedings, the concerned employee has been dismissed from service and an amount of Rs.0.009 Crores has been recovered from him.

18.3 Unauthorized credits of Rs.0.222 Crores were noticed in Customers' Accounts in Jeedimetla ERO. Presently, these Customers' Accounts are in Medchal ERO consequent to bifurcation of Jeedimetla ERO and an amount of Rs.0.217 Crores has been recovered. Management has initiated necessary disciplinary proceedings against the concerned staff.

18.4 Financial misappropriation of Rs.0.04 Crores was wrongly credited to the Cashier's bank account instead of Employees concerned bank account in Bhongir Division, Nalgonda Circle. The departmental proceedings and enquiries are in process.

18.5 Theft of materials in field worth Rs.0.46 Crores was detected in Nalgonda, Anantapur and Medak Circles. FIRs have been lodged in the concerned Police Stations and Investigation Reports are awaited.

- 18.6** Consequent to fire accident in Ranga Reddy District Stores on 17.05.2008, 1KV UG XLPE Cable 3x35 Sq.MM of 2,777 meters worth Rs.0.05 Crores was destroyed. FIR has been lodged and Investigation Report is awaited.
- 19.** E-Seva, a Collection Agent of the Company, has made 90,79,256 transactions of Rs.814.46 Crores through On-line during Financial Year 2007-08, out of which, 1,796 transactions of Rs.0.67 Crores has been charged-back to the Company during the Financial Years 2008-09 and 2009-10 on account of misuse of Credit Cards and Online Internet payments. The Company has debited the concerned consumers for the charge-back amount along with surcharge for delay and additional amount for charge-back. The realization of the amount is under progress.
- 20.** i) The loans made by the company to the employees for House Building are secured and other Loans and advances are unsecured.
ii) As per Company's Policy, interest on loans given to employees is recovered immediately after repayment of the principal loan amount.
- 21.** Income-tax assessments for the Assessment Years 2007-08 & 2008-09 are pending. For the Assessment Years 2005-06 & 2006-07, the Assessing Officer has added Rs.16.90 Crores & Rs.0.70 Crores respectively to the income returned by the Company. The Company has filed an appeal against the 'additions' in Assessment Years 2005-06 & 2006-07 with C.I.T. (Appeals)-II. The Company is of the opinion that no provision is necessary in respect of disputed additions. Any further provision required in respect of disputed addition will be considered on completion of Appellate Proceedings.
- 22.** Sales-Tax assessments for the years 2005-06, 2006-07 & 2007-08 are pending.
- 23.** No Capacitor lease rental payments have been made during the year (Previous Year Rs.0.71 Crores) since the lease period has been completed.
- 24. Savings and Family Benefit Fund:**
- a) Savings Fund:
With effect from 01.07.1985 Employees Group Insurance Scheme was introduced in the place of erstwhile Family Benefit Fund Scheme. As per the said Scheme the contributions of the Employees consists of two portions, the Insurance portion and the Savings portion. The future liability of the Company as per the said Scheme could not be ascertained. The closing balance of the Savings Fund held as on 31.03.2009 is Rs.1.62 Crores (Previous Year Rs.1.39 Crores).
During the year the Interest on Savings Fund of Rs.0.53 Crores (Previous Year Rs.0.50 Crores) has been paid and is shown under the Head 'Interest and Finance Charges' in Schedule-16.
- b) Family Benefit Fund:
As a result of introduction of the Group Insurance Scheme with effect from 01.07.1985, the amounts payable to the employees as per the Family Benefit Fund (FBF) Scheme as on that date have been frozen. The balance also carries interest at the rates as specified in the FBF Scheme.
The future liability towards principal and interest to date will be accounted when payments are made.
During the year the Interest on Family Benefit Fund of Rs.0.32 Crores (Previous Year Rs.0.32 Crores) has been paid and is shown under the Head 'Interest and Finance Charges' in Schedule-16.

25. The requirements of the following Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) are not applicable to the Company-

AS 7	Construction Contracts
AS 17	Segment Reporting since Distribution and Retail supply of Power comprises the only primary & reportable segment
AS 18	Related Party Disclosures since the Company is a State Government Company and falls within the designation of 'State Controlled Enterprise'
AS 20	Earning Per Share since the Company is unlisted
AS 21	Consolidated Financial Statements, since the Company does not have any Subsidiary Company
AS 23	Accounting for Investments in Associates in Consolidated Financial Statements
AS 24	Discontinuing Operations
AS 25	Interim Financial Reporting
AS 27	Financial Reporting of Interest in Joint Ventures

26. Deferred Tax:

- a) As per Accounting Standard - 22 on Accounting for Taxes on Income issued by The ICAI, the deferred tax asset / liability as on 31st March, comprises of the following:

Particulars	Rs. Crores	
	2008-09	2007-08
LIABILITY-		
Deferred Tax Liability related to Fixed Assets	70.50	83.91
ASSET-		
Deferred Tax Asset related to Unabsorbed Depreciation / Business Loss	103.31	141.38
Net Deferred Tax Liability / (Asset)	(32.81)	(57.47)

- b) Net deferred tax asset to the end of 31st March, 2008 of Rs.57.47 Crores has been transferred to Profit and Loss Debit Balances and net deferred liability for the year of Rs.24.66 Crores has been debited to Profit and Loss Appropriation Account.

27. Quantitative Information:

Particulars	(Qty. MUs)	
	2008-09	2007-08
Energy Input (Net)	28,942.24	26,256.51
Sale of Energy	24,039.99	21,793.47

28. Contingent Liabilities:

The Company is contingently liable in respect of the following:

Sl. No.	Particulars	Rs. Crores	
		2008-09	2007-08
i.	Claims against the Company not acknowledged as debts	1.20	6.75
ii.	Claims towards penal interest relating to RESCOs not acknowledged as debts (including deposit in Debt Recovery Tribunal towards dues of Kadiri East & West RESCOs.	6.42	-
iii.	Other amounts for which the Company is contingently liable	4.26	4.26
iv.	Capital commitments not provided for	198.11	58.65
v.	Disputed Entry Tax	33.25	33.25
vi.	Railway traction-Differential Tariff	-	0.33
vii.	Income Tax matters under appeals	17.60	-
viii.	Sales Tax Penalty for purchase of Cement against G Form	1.34	1.34
ix.	Liability on waiver of Monthly Minimum Charges	0.20	0.20

29. Figures have been rounded off to the nearest rupee.

30. Previous year figures have been regrouped, rearranged wherever considered necessary.

For and on behalf of the Company

As per our report of even date

	Sd/-	Sd/-
For M.BHASKARA RAO & CO., Chartered Accountants	G. SAI PRASAD Chairman & Managing Director	P. RAJAGOPAL REDDY Director (Finance & IT)

Sd/-
V.RAGHUNANDAN
Partner

M.No.26255
Date : 29.07.2009
Place: Hyderabad

Sd/-	Sd/-
SYED BILAL BASHA Chief General Manager(Finance)	K.SUJATHA Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details :

Registration No.

3	4	1	1	6
---	---	---	---	---

 Balance Sheet Date :

3	1	0	3	2	0	0	9
---	---	---	---	---	---	---	---

State Code

0	1
---	---

II Capital raised during the Year (Rs. In Thousands)

Public Issue

				N	I	L				
--	--	--	--	---	---	---	--	--	--	--

Right Issue

				N	I	L				
--	--	--	--	---	---	---	--	--	--	--

III Position of Mobilisation and Deployment of Funds Rs. In Thousands)

Total Liabilities

				8	4	1	0	2	8	8	7
--	--	--	--	---	---	---	---	---	---	---	---

Total Assets

				8	4	1	0	2	8	8	7
--	--	--	--	---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

				7	2	8	4	7	9	6
--	--	--	--	---	---	---	---	---	---	---

Reserves & Reserve Funds

				1	1	1	8	6	6	4	5
--	--	--	--	---	---	---	---	---	---	---	---

Un Secured Loans

				1	6	6	7	4	7	6	1
--	--	--	--	---	---	---	---	---	---	---	---

Secured Loans

					9	4	0	7	4	4	1
--	--	--	--	--	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

				2	3	9	5	9	4	6	8
--	--	--	--	---	---	---	---	---	---	---	---

Investments

					2	4	1	2	4	5
--	--	--	--	--	---	---	---	---	---	---

Net Current Assets

				1	2	3	8	5	3	3	8
--	--	--	--	---	---	---	---	---	---	---	---

Misc Expenditure

				N	I	L				
--	--	--	--	---	---	---	--	--	--	--

Accumulated Losses

				1	5	4	2	1	5	5
--	--	--	--	---	---	---	---	---	---	---

IV Performance of Company (Rs. In Thousands)

Turnover

				1	0	2	4	4	3	6	2	8
--	--	--	--	---	---	---	---	---	---	---	---	---

Total Expenditure

				1	0	2	0	4	6	8	8	8
--	--	--	--	---	---	---	---	---	---	---	---	---

Profit/(Loss) Before Tax

					3	9	6	7	4	0
--	--	--	--	--	---	---	---	---	---	---

Profit/(Loss) After Tax

					1	2	5	1	9	2
--	--	--	--	--	---	---	---	---	---	---

Earning per Share

				N	I	L				
--	--	--	--	---	---	---	--	--	--	--

V Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code (ITC Code) NA
 Product Description : Distribution and Retail Supply of Power

NOTES
